

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD
ENDED MARCH 31, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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PKF

Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying consolidated interim statement of financial position of Bawan Company (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as of March 31 2023, the related consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended and notes, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

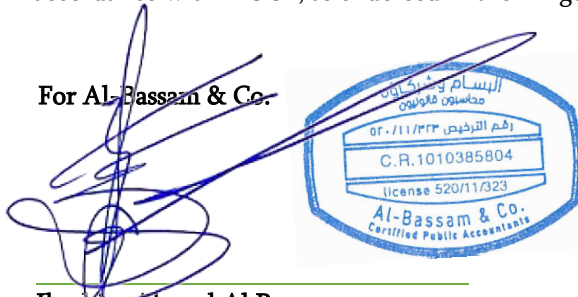
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ibrahim Ahmed Al Bassam
Certified Public Accountant
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Corresponding to: 8 May 2023

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BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6, 9.3, 10	724,745	719,943
Right-of-use assets		23,501	24,545
Goodwill		4,397	4,397
Intangible assets		2,911	3,451
Other assets		2,381	2,487
Total non-current assets		757,935	754,823
Current assets			
Inventories		669,126	703,995
Spare parts		32,364	31,287
Financial assets at fair value through profit or loss (FVTPL)		768	14,206
Trade and other receivables	7	746,084	664,046
Contract assets		77,320	76,288
Cash and cash equivalents		75,846	38,401
Total current assets		1,601,508	1,528,223
TOTAL ASSETS		2,359,443	2,283,046
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	600,000	600,000
Statutory reserve		56,374	52,921
Retained earnings		202,647	210,568
Equity attributable to shareholders of the Company		859,021	863,489
Non-controlling interests		66,465	66,143
TOTAL EQUITY		925,486	929,632
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	87,719	87,430
Lease liabilities		23,793	23,878
Employee defined benefit liabilities		76,136	74,593
Total non-current liabilities		187,648	185,901
Current liabilities			
Trade and other payables		681,807	560,918
Short-term borrowings	9	401,456	468,200
Current portion of long-term borrowings	9	35,561	38,779
Contract liabilities		88,073	65,481
Current portion of lease liabilities		1,635	2,323
Zakat and income tax payable		33,790	30,675
Dividends payable	16	3,987	1,137
Total current liabilities		1,246,309	1,167,513
TOTAL LIABILITIES		1,433,957	1,353,414
TOTAL EQUITY AND LIABILITIES		2,359,443	2,283,046


**Financial Reporting
Director**


**Chief Executive
Officer**


**Authorized Board of
Directors Member**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

		Three months period ended March 31,	
	Note	2023	2022
Revenue	11, 12, 13	944,415	950,425
Cost of revenue	11	(844,310)	(825,693)
Gross profit		100,105	124,732
Selling and distribution expenses	11	(26,229)	(23,023)
General and administrative expenses		(28,196)	(29,022)
ECL allowance reversal / (charge) on trade receivables	7	961	(6,077)
Gain on disposal of investment in financial assets at FVTPL		3,274	2,409
Fair value gain / (loss) on investment in financial assets at FVTPL		179	(137)
Other income / (expenses), net		1,748	(442)
Profit before finance costs and zakat and income tax		51,842	68,440
Finance costs		(11,023)	(5,011)
Profit before zakat and income tax		40,819	63,429
Zakat and income tax		(3,115)	(9,854)
Profit for the period		37,704	53,575
Other comprehensive income for the period		-	-
Total comprehensive income for the period		37,704	53,575
Profit for the period attributable to:			
Ordinary equity holders of the Company		34,532	50,349
Non-controlling interests		3,172	3,226
		37,704	53,575
Total comprehensive income for the period attributable to:			
Ordinary equity holders of the Company		34,532	50,349
Non-controlling interests		3,172	3,226
		37,704	53,575
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted	5	0.58	0.84


Financial Reporting
Director


Chief Executive
Officer


Authorized Board of
Directors Member

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
January 1, 2023 (Audited)	600,000	52,921	210,568	863,489	66,143	929,632
Profit for the period	-	-	34,532	34,532	3,172	37,704
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	34,532	34,532	3,172	37,704
Transfer to statutory reserve	-	3,453	(3,453)	-	-	-
Transactions with current owners in their capacity as owners:						
Dividends (note 16)	-	-	(39,000)	(39,000)	(2,850)	(41,850)
March 31, 2023 (Unaudited)	600,000	56,374	202,647	859,021	66,465	925,486
January 1, 2022 (Audited)	600,000	36,636	102,877	739,513	50,389	789,902
Profit for the period	-	-	50,349	50,349	3,226	53,575
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	50,349	50,349	3,226	53,575
Transfer to statutory reserve	-	5,035	(5,035)	-	-	-
Transactions with current owners in their capacity as owners:						
Dividends (note 16)	-	-	-	-	(3,800)	(3,800)
March 31, 2022 (Unaudited)	600,000	41,671	148,191	789,862	49,815	839,677


Financial Reporting Director


Chief Executive Officer


Authorized Board of Directors
Member

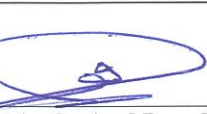
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Three months period ended March 31,	
	2023	2022
Cash flows from operating activities		
Profit before zakat and income tax	40,819	63,429
<i>Adjustments for:</i>		
Depreciation and amortization	20,122	19,275
Employee defined benefit liabilities	2,198	2,578
Finance costs	11,023	5,011
ECL allowance (reversal) / charge	(961)	6,077
Fair value (gain) / loss on investment in financial assets at FVTPL	(179)	137
Gain on disposal of investment in financial assets at FVTPL	(3,274)	(2,409)
Gain on disposal of property, plant and equipment	(10)	(25)
<i>Operating cash flows before movement in working capital</i>	69,738	94,073
Changes in working capital:		
Inventories	34,869	(70,734)
Spare parts	(1,077)	(403)
Trade and other receivables	(80,971)	(74,483)
Contract assets	(1,032)	(8,524)
Trade and other payables	120,889	98,330
Contract liabilities	22,592	17,891
Cash generated from operations	165,008	56,150
Employee defined benefit liabilities paid	(1,510)	(2,328)
Zakat paid	-	(1,715)
Finance costs paid	(10,719)	(2,769)
Net cash flows generated from operating activities	152,779	49,338
Cash flows from investing activities		
Purchases of property, plant and equipment	(23,554)	(28,697)
Proceeds from disposal of property, plant and equipment	341	42
Purchases of intangible assets	(255)	(21)
Purchases of investment in financial assets at FVTPL	-	(12,953)
Proceeds from sale of investment in financial assets at FVTPL	16,891	14,060
Net cash flows used in investing activities	(6,577)	(27,569)
Cash flows from financing activities		
Proceeds from short term borrowings	244,091	516,155
Repayment of short term borrowings	(310,378)	(451,277)
Proceeds from long term borrowings	10,000	-
Repayment of long term borrowings	(12,835)	(23,924)
Repayment of lease liabilities	(635)	(951)
Dividends paid to ordinary equity holders	(39,000)	(45,000)
Net cash flows used in financing activities	(108,757)	(4,997)
Net change in cash and cash equivalents	37,445	16,772
Cash and cash equivalents at the beginning of the period	38,401	40,305
Cash and cash equivalents at the end of the period	75,846	57,077
Supplementary information		
Recognition of right of use assets and lease liabilities	-	4,309


**Financial Reporting
Director**


**Chief Executive
Officer**


**Authorized Board of
Directors Member**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

1. GENERAL INFORMATION

Bawan Company (“Bawan”, the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010033032 dated 9 Shawwal 1400H (corresponding to August 20, 1980G). The Company’s shares are traded on the Saudi Stock Exchange (Tadawul). The Company’s financial year ends on December 31 every year.

The address of the Group’s head office and principal activities of Bawan and its subsidiaries (collectively the “Group”) remain the same as disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

2. BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements for the three months period ended March 31, 2023, have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022. In addition, results for the three months periods ended March 31, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

These condensed consolidated interim financial statements includes the financial statements of the Company and its subsidiaries (the Group).

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in note 3.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Group’s functional currency, and all values are rounded to the nearest thousand except where otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company’s annual consolidated financial statements as of and for the year ended December 31, 2022, and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in the current period.

New Standards, Amendments to Standards and Interpretations effective from January 1, 2023

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2023 and have been explained in the Group’s annual consolidated financial statements for the year ended December 31, 2022, but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements as of and for the year ended December 31, 2022.

5. EARNINGS PER SHARE

The Company presents basic and diluted earnings per shares (EPS) for its ordinary shares. Basic EPS is calculated by dividing profit for the period attributable to the ordinary equity holders of the Company separately from each of the continuing and discontinued operations, if any by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the company has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Company will be the same.

The following table reflects the profit and weighted average number of ordinary shares used in the computations:

	Three months period ended	
	March 31,	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:	34,532	50,349
Weighted average number of ordinary shares outstanding during the period	60,000	60,000
Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	0.58	0.84

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

6. PROPERTY, PLANT AND EQUIPMENT

During the period ended March 31, 2023, the Group purchased items of property, plant and equipment amounting to SR 23.55 million (period ended March 31, 2022: SR 30.74 million).

7. TRADE AND OTHER RECEIVABLES

The following table shows the movement in lifetime ECL that has been recognized against trade receivables during the period/year:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of the period / year	88,998	92,080
ECL allowance (reversal) / charge for the period / year	(961)	14,813
Written-off during the period / year	-	(19,295)
Transfer from other liabilities	-	1,400
As at end of the period / year	88,037	88,998

8. SHARE CAPITAL

The Company had 60 million authorized, issued and fully paid ordinary shares with a nominal value of SR 10 per share as at March 31, 2023 and December 31, 2022 amounting to total share capital of SR 600 million as at March 31, 2023 and December 31, 2022. There was no movement in share capital during the current and comparative period.

During the year ended December 31, 2022, the shareholders of the Company in the extraordinary general assembly meeting held on September 19, 2022, approved the buy-back of its shares for the purpose of retaining them as treasury shares with a maximum number of 3 million shares, when the board of directors or its authorized representatives consider that the share price on the Saudi Exchange is lower than its fair value. The resolution includes various aspects including the financing of such shares and retainage period for those shares.

9. BORROWINGS**9.1 Short-term borrowings**

The Group has obtained bank facilities ("the Facilities") in the form of short-term loans, Islamic Murabaha, forward exchange contracts, and letters of credit and guarantee. The Facilities carry interest at prevailing market rates and are secured by promissory notes and corporate guarantees of the Group.

9.2 Term loans payable to banks

The Group has obtained bank loans from local banks which are repayable in quarterly/ semi-annual installments. The loans carry interest at prevailing market rates and are secured by promissory notes and corporate guarantees of the Group.

9.3 Saudi Industrial Development Fund (SIDF) loans

The Group has obtained various loans from SIDF for the construction and expansion of its concrete and plastic segment plants and the delivery of an ongoing project. These loans are guaranteed by promissory notes, corporate guarantees of the Group and mortgages of property, plant and equipment with a carrying value of SR 43.92 million as at March 31, 2023 (December 31, 2022: SR 44.43 million). The final repayment of SIDF loans is due in 2023.

All of the above borrowings require the maintenance of certain debt covenants. As at March 31, 2023 and December 31, 2022, none of the conditions require to cause the loans to be payable on demand by the loan agreements.

10. CONTINGENCIES AND COMMITMENTS

The Group had capital commitments of SR 15.69 million as at March 31, 2023 (December 31, 2022: SR 16.44 million).

The Group had contingent liabilities arising from letters of credit and guarantee of SR 684.27 million as at March 31, 2023 (December 31, 2022: SR 631.17 million).

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

11. RELATED PARTIES' INFORMATION

During the periods presented, the Group entered into the following significant transactions with its related parties:

	Three months period ended March 31,	
	2023	2022
	(Unaudited)	(Unaudited)
Revenue	72,818	86,947
Purchases	4,441	7,804
Royalties	527	395

As of March 31, 2023, amounts due from and due to related parties mainly relate to the above mentioned transactions.

During the period, short-term and long-term employment benefits to the Company's key management personnel amounted to SR 2.57 million (2022: SR 1.80 million). Key management personnel include directors and key executives at the Company level.

12. REVENUE

The Group derives its revenue from contracts with customers for sale of goods over time amounting to SR 29.75 million (2022: SR 31.37 million) and at a point in time amounting to SR 914.67 million (2022: SR 919.06 million). Refer to note 13 for revenue from each reportable segment under IFRS 8 "Operating Segments".

13. SEGMENT REPORTING

Operating business segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The segment information is reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Business segments have been approved by the management in respect of the Group's activities which are consistent with the Group's internal reporting processes:

- Metal and Wood
- Plastic
- Electrical
- Concrete
- Other (Other segment is a residual segment and comprises of Bawan Company representing only the holding company (i.e. head office) and associated activities carried out at the head office level)

The following is an analysis of the Group's revenue and results by segment:

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>Three months period ended March 31, 2023 - (Unaudited)</u>						
Revenue	591,509	206,475	94,467	51,964	-	944,415
Depreciation and amortization	5,273	2,647	6,929	3,790	1,483	20,122
Finance costs	1,624	4,437	4,063	542	357	11,023
Profit / (loss) for the period	11,194	24,850	6,498	(1,205)	(3,633)	37,704
Total assets	934,007	535,766	569,464	284,249	35,957	2,359,443
Total liabilities	479,732	389,820	343,141	176,262	45,002	1,433,957
<u>Three months period ended March 31, 2023 - (Unaudited)</u>						
Segment revenues	591,509	206,475	94,966	51,964	-	944,914
Intersegment revenues	-	-	(499)	-	-	(499)
External revenues	591,509	206,475	94,467	51,964	-	944,415

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

13. SEGMENT REPORTING (Continued)

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>As of March 31, 2023 – (Unaudited)</u>						
Segment assets	934,688	536,374	570,166	284,249	131,666	2,457,143
Consolidation adjustments	(681)	(608)	(702)	-	(95,709)	(97,700)
Total assets	934,007	535,766	569,464	284,249	35,957	2,359,443
Segment liabilities	529,757	393,925	363,151	196,593	45,683	1,529,109
Consolidation adjustments	(50,025)	(4,105)	(20,010)	(20,331)	(681)	(95,152)
Total liabilities	479,732	389,820	343,141	176,262	45,002	1,433,957

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>Three months period ended March 31, 2022 – (Unaudited)</u>						
Revenue	618,819	179,628	94,662	57,316	-	950,425
Depreciation and amortization	5,357	2,311	6,084	4,044	1,479	19,275
Finance costs	1,424	1,588	1,448	297	254	5,011
Profit / (loss) for the period	53,534	5,080	6,752	2,177	(13,968)	53,575
Segment revenues	618,819	179,628	95,257	57,316	-	951,020
Intersegment revenues	-	-	(595)	-	-	(595)
External revenues	618,819	179,628	94,662	57,316	-	950,425

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>As of December 31, 2022 - (Audited)</u>						
Total assets	934,539	480,057	568,840	260,626	38,984	2,283,046
Total liabilities	447,399	359,223	348,177	153,439	45,176	1,353,414
Segment assets	934,539	480,615	569,158	260,626	66,642	2,311,580
Consolidation adjustments	-	(558)	(318)	-	(27,658)	(28,534)
Total assets	934,539	480,057	568,840	260,626	38,984	2,283,046
Segment liabilities	450,748	363,016	348,641	172,026	45,176	1,379,607
Consolidation adjustments	(3,349)	(3,793)	(464)	(18,587)	-	(26,193)
Total liabilities	447,399	359,223	348,177	153,439	45,176	1,353,414

Segment revenues reported above represent revenue generated from both external customers and related parties. There were no significant inter-segment revenues during the three months period ended March 31, 2023 and 2022. One customer contributed to more than 10% of the Group's revenue in the three months period ended March 31, 2023. No customers contributed to more than or equal to 10% of the group's revenue in the three months period ended March 31, 2022.

The majority of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

BAWAN COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023****(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)**

14. FAIR VALUE MEASUREMENT

The Group measures financial assets at fair value through profit or loss at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets measured at FVTPL at the end of the reporting period are classified as level 1 in the fair value hierarchy. There were no transfers between the levels of fair value hierarchies during the period.

The carrying values of the financial instruments reported in the consolidated interim statement of financial position approximate their fair values.

15. EVENTS AFTER THE REPORTING DATE

No events have taken place after the end of the reporting period until the date of approval of these condensed consolidated interim financial statements which require adjustment to, or separate disclosure, in these condensed consolidated interim financial statements.

16. DIVIDENDS

During the period ended March 31, 2023, the Company announced and paid dividends of SR 39 million. As of December 31, 2021, the Group had unpaid dividends amounting to SR 46.14 million out of which dividends amounting to SR 45 million were paid during the period ended March 31, 2022.

17. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three months period ended March 31, 2023 were approved by the Company's Board of Directors on May 7, 2023.