

**BAAZEEM TRADING COMPANY**

(A SAUDI JOINT STOCK COMPANY)  
RIYADH – SAUDI ARABIA

CONSOLIDATED INTERIM CONDENSED  
INDEPENDENT AUDITOR'S REVIEW REPORT AND  
FINANCIAL STATEMENTS FOR THE THREE-MONTH  
PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

# **BAAZEEM TRADING COMPANY**

(A Saudi Joint Stock Company) – Riyadh

## **Interim condensed consolidated financial statements (unaudited) for the period ended March 31, 2022**

<b>CONTENTS</b>	<b>PAGE</b>
Independent auditor's review report for the interim condensed consolidated financial statements (unaudited)	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6 – 13

Professional LLC  
Paid Capital One Million Saudi Riyals  
C.R. No. 4030291245  
122, Prince Faisal Bin Turki St.  
Creativity Commercial Center  
Al Murabba District  
P.O.Box 489, Riyadh 11411  
Kingdom of Saudi Arabia  
T: 011 408 1811 / 408 1801  
F: 011 408 1836  
Head Office - Jeddah  
[www.elayouty.com](http://www.elayouty.com)

**INDEPENDENT AUDITOR'S REVIEW REPORT FOR**  
**THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS**  
**BAAZEEM TRADING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**RIYADH – KINGDOM OF SAUDI ARABIA**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Baazeem Trading Company - a Saudi Joint-Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2022, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the three-month period then ended, a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 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 interim condensed consolidated 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 that approved 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 the 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 interim condensed consolidated financial statements have not been prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Emphasis of matter**

We refer to note (5) regarding the Group's information (investment in Qatar) registered in the name of one of the main Shareholders (the Chairman of the Board of Directors) since 2008. This is approved in the minutes of the Board of Directors and the minutes of the General Assembly.

Riyadh: Shawwal 18, 1443 H.  
May 19, 2022 G.



**For EL SAYED EL AYOUTY & CO.**



**Mohamed El Ayouty**  
Certified Public Accountant  
License No. (211)

An Independent Member Firm of Moore Global  
Network Limited - Member Firms in principal cities  
throughout the world.



# BAAZEEM TRADING COMPANY

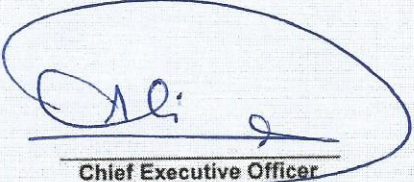
(A Saudi Joint Stock Company) – Riyadh


## Interim condensed consolidated statement of financial position as at March 31, 2022 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31/3/2022 (unaudited)	31/12/2021 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment - net		33,864,599	38,975,125
Right-of-use assets - net		2,769,184	2,810,514
Intangible assets- net		1,991,191	2,162,544
Financial Investments at fair value through other comprehensive income	6	3	3
<b>Total non-current assets</b>		<b>38,624,977</b>	<b>43,948,186</b>
<b>Current assets</b>			
Inventory		68,424,080	61,351,668
Trade receivables and other debit balances - net	7	122,565,201	97,946,190
Investments at fair value through profits or losses	8	2,543,424	-
Cash and cash equivalents	9	28,164,398	35,720,926
<b>Total current assets</b>		<b>221,697,103</b>	<b>195,018,784</b>
<b>Total assets</b>		<b>260,322,080</b>	<b>238,966,970</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	10	101,250,000	101,250,000
Statutory reserve		30,375,000	30,375,000
Retained earnings		72,302,503	63,410,991
Actuarial (losses) of re-measurement of employee defined benefits		(950,236)	(950,236)
<b>Total Shareholders' equity in Parent Company</b>		<b>202,977,267</b>	<b>194,085,755</b>
<b>Non-current liabilities</b>			
Lease obligations - non-current portion		2,769,588	2,769,588
Employees' defined benefit obligations		8,849,407	8,658,766
<b>Total non-current liabilities</b>		<b>11,618,995</b>	<b>11,428,354</b>
<b>Current liabilities</b>			
Banks - credit facilities	11	20,809,381	16,423,160
Lease obligations - current portion		70,189	36,712
Trade payables and other credit balances		23,305,124	12,327,405
Due to related parties		376,254	381,540
Zakat payable	12	1,164,870	4,284,044
<b>Total current liabilities</b>		<b>45,725,818</b>	<b>33,452,861</b>
<b>Total liabilities</b>		<b>57,344,813</b>	<b>44,881,215</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>260,322,080</b>	<b>238,966,970</b>

  
Financial Management

  
Chief Executive Officer

  
Chairman of BOD

The accompanying notes (1) to (17) from an integral part of these interim condensed consolidated financial statements (unaudited)



**BAAZEEM TRADING COMPANY**

(A Saudi Joint Stock Company) – Riyadh

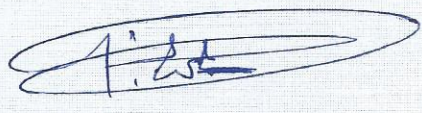
**Interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31/3/2022 (Unaudited)	31/3/2021 (Unaudited)
Sales	13	74,437,487	79,837,283
Cost of sales		(47,819,888)	(50,748,003)
<b>Gross profit</b>		<b>26,617,599</b>	<b>29,089,280</b>
Selling and marketing expenses		(11,600,696)	(11,899,704)
General and administrative expenses		(4,510,716)	(5,419,907)
Other expenses (net)		(436,810)	(459,120)
<b>Net operating income</b>		<b>10,069,377</b>	<b>11,310,549</b>
<b>Other revenue (expenses)</b>			
Profits of valuation of investments at fair value through profits or losses		43,424	-
Miscellaneous income		231,094	86,779
Finance charges		(292,383)	(453,236)
<b>Total other income / (expenses)</b>		<b>(17,865)</b>	<b>(366,457)</b>
<b>Net income for the period before zakat</b>		<b>10,051,512</b>	<b>10,944,092</b>
Zakat	12	(1,160,000)	(1,160,000)
<b>Net income for the period</b>		<b>8,891,512</b>	<b>9,784,092</b>
<b>Attributable to:</b>			
Shareholders in Parent Company		8,891,512	9,784,092
<b>Other comprehensive income</b>			
Items that may subsequently be reclassified to profits and losses:			
Other comprehensive income		-	-
<b>Net comprehensive income for the period</b>		<b>8,891,512</b>	<b>9,784,092</b>
<b>Other comprehensive income attributable to:</b>			
Shareholders' equity in Parent Company		8,891,512	9,784,092
<b>Basic and diluted earnings per share (SR)</b>	14	<b>0.88</b>	<b>0.97</b>

  
 Financial Management

  
 Chief Executive Officer

  
 Chairman of BOD

The accompanying notes (1) to (17) from an integral part of these interim condensed consolidated financial statements (unaudited)



**BAAZEEM TRADING COMPANY**

(A Saudi Joint Stock Company) – Riyadh

**Interim condensed consolidated statement of changes in shareholders' equity for the three-month period ended March 31, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Capital	Statutory reserve	Retained earnings	Actuarial gains on re-measurement of employee defined benefits	Total shareholders' equity
Balance at 1/1/2021 (audited)	101,250,000	30,375,000	59,579,023	-	191,204,023
Net income for the period	-	-	9,784,092	-	9,784,092
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	9,784,092	-	9,784,092
Balance at 31/03/2021 (unaudited)	101,250,000	30,375,000	69,363,115	-	200,988,115
Balance at 1/1/2022 (audited)	101,250,000	30,375,000	63,410,991	(950,236)	194,085,755
Net income for the period	-	-	8,891,512	-	8,891,512
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	8,891,512	-	8,891,512
Balance at 31/03/2022 (unaudited)	101,250,000	30,375,000	72,302,503	(950,236)	202,977,267

  
 Financial Management

  
 Chief Executive Officer

  
 Chairman of BOD


The accompanying notes (1) to (17) from an integral part of these interim condensed consolidated financial statements (unaudited)



**BAAZEEM TRADING COMPANY****(A Saudi Joint Stock Company) – Riyadh****Interim condensed consolidated statement of cash flows for the three-month period ended March 31, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31/3/2022 (Unaudited)	31/3/2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before zakat		10,051,512	10,944,092
<b>Net Income adjusted to net cash flows from operating activities</b>			
Depreciation on property, plant and equipment		886,714	958,928
Depreciation on right-of-use assets		41,330	41,330
Amortization of intangible assets		171,352	171,354
Employees' defined benefit obligations		300,000	370,000
Profits of valuation of investments at fair value through profits or losses		(43,424)	-
Expired and damaged goods		434,071	456,618
Bad debts		2,739	2,502
Finance charges		292,383	453,236
		<b>12,136,677</b>	<b>13,398,060</b>
<b>Changes in assets and liabilities</b>			
Inventory		(7,506,483)	17,421,665
Trade receivables and other debit balances		(24,621,750)	(36,805,786)
Trade payables and other credit balances		10,977,720	2,356,054
Due to related parties		(5,286)	(4,761)
Finance charges paid		(258,906)	(418,464)
Zakat paid		(4,279,174)	-
Employees' defined benefit obligations paid		(109,359)	(157,141)
<b>Net cash flows (used in) operation activities</b>		<b>(13,666,561)</b>	<b>(4,210,373)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase of) property and equipment		(220,206)	(456,724)
Proceeds from disposal of property and equipment		4,444,018	-
Purchase of investments at FVTPL		(2,500,000)	-
<b>Net cash flows from/(used in) investment activities</b>		<b>1,723,812</b>	<b>(456,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in banks - credit facilities		4,386,221	(816,123)
<b>Net cash flows from/(used in) financing activities</b>		<b>4,386,221</b>	<b>(816,123)</b>
<b>Net (decrease) in cash balances</b>		<b>(7,556,528)</b>	<b>(5,483,220)</b>
Cash and cash equivalents at beginning of the period		35,720,926	36,711,727
Cash and cash equivalents at end of the period	9	<b>28,164,398</b>	<b>31,228,507</b>

  
 Financial Management

  
 Chief Executive Officer

  
 Chairman of BOD

The accompanying notes (1) to (17) from an integral part of these interim condensed consolidated financial statements (unaudited)



# BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

## Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 1. General information

1.1. Baazeem Trading Company - a Saudi joint-stock company - listed, established as per Ministerial Resolution No. (50/Q), dated 12/02/1429H (19/02/2008) after announcing the transformation of Baazeem Trading Company Mohammed Bin Saleh Baazeem & Co. from a limited partnership company to a Saudi Joint-stock company - listed under the name of Baazeem Trading Company. The Company was registered in Riyadh under the same Commercial Registration No. 1010017281 dated 11/08/1398H.

The Board of Directors of the Capital Market Authority (CMA) approved the prospectus on Rabi Al-Thani 19, 1438 H (17/01/2017). The Board of Directors of Baazeem Trading Company - a Saudi joint-stock company - listed issued 3,037,500 shares representing 30% of its shares in the parallel market.

On 28/11/2019, the Capital Market Authority approved the request submitted by the Company on 8/10/2019 to transfer from the parallel market to the principal market. The Company's shares have been listed and traded on the principal market as of 4/12/2019.

1.2. The Company's activities include wholesale of coffee and tea products, wholesale of food items and drinks, wholesale of cosmetics and beauty soaps, wholesale of soaps and detergents, wholesale of raw plastic materials, rubber, and industrial fibers, general stores having a variety of goods, and sale of tools and plastic materials (including bags).

The activity of the Company's branch (Baazeem Industrial Factory Company) includes the manufacturing of sanitary paper, napkins, cleaning wipes, towels, tissue paper, towel rolls, and ready-made food packaging.

1.3. The enclosed consolidated interim condensed financial statements include the accounts of the Parent Company and the Subsidiary (Collectively referred to as the Group) as at March 31, 2022.

Subsidiary Name	Country of Incorporation	Shareholding percentage
Baazeem Trading Establishment	State of Qatar	100%

### 1.4. The Company's Branches are as follows according to Commercial Registration number:

Sl. No.	Branch Name	Commercial Registration No.	Date
1.	Jeddah Branch	4030034688	1/8/1402 H.
2.	Dammam Branch	2050106377	26/10/1436 H.
3.	Tabuk Branch	3550036807	26/10/1436 H.
4.	Buraydah Branch	1131056151	26/10/1436 H.
5.	Madinah Al Munawarah Branch	4650079224	26/10/1436 H.
6.	Khamis Mushait Branch	5855068837	26/10/1436 H.
7.	Distribution Section in Riyadh	-	-
8.	Baazeem Industrial Factory Company	4042007183	24/11/1438 H.



# **BAAZEEM TRADING COMPANY**

(A Saudi Joint Stock Company) – Riyadh

---

## **Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

### **2. Basis of preparation**

#### **2.1. Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. (34) "Initial Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA). They must be read along with the latest consolidated financial statements of the Group for the year ended December 31, 2021, which do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards. However, selected accounting policies and explanatory notes have been included to explain important events and transactions to understand the changes in the financial position and financial performance of the Group since the most recent annual consolidated financial statements.

#### **2.2 Basis for consolidation of financial statements**

These interim condensed consolidated financial statements, which include the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in shareholders' equity, interim condensed consolidated statement of cash flows and the notes to the interim condensed consolidated financial statements for the Group, include the assets, liabilities and results of the Company and its subsidiary, as described in note (1.3).

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, various returns as a result of its involvement with the entity and has the ability to influence those returns through its control of the entity. The subsidiary is consolidated as of the date on which control begins until the date when the reporting entity ceases to control the subsidiary. The Group accounts for the business combination using the acquisition method when control is transferred to the Group.

The transferred consideration in the acquisition is generally measured at fair value, as is the case with the net identifiable assets acquired. The acquisition cost increase in addition to the fair value of non-controlling interests over the fair value of the net identifiable assets acquired as goodwill is recorded in the consolidated statement of financial position. Non-controlling interests are measured in proportion to their share of the acquiree's identifiable net assets at the acquisition date.

When the business combination is achieved in stages, the carrying amount of the Group's interest in the acquiree is measured at fair value of acquisition date. Any profit or loss resulting from that remeasurement is recognized in profit or loss. All significant transactions, balances and unrealized profits and expenses between the Company and its subsidiaries are eliminated. Accounting policies of the subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

#### **2.3 Basis of measurement**

The interim condensed consolidated financial statements have been prepared in accordance with the accrual basis of accounting and the going concern principle, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

#### **2.4 Use of judgments, estimates and assumptions**

The preparation of these interim condensed consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets, liabilities, and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to Management, the final actual results may differ from these estimates.



# BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

## Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 2.4 Use of judgments, estimates and assumptions...(continued)

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods. The assumptions and estimates are particularly represented in the application of accounting policies that have significant impact on the amounts recognized in the financial statements.

The significant estimates made by Management in applying the Group's accounting policies and the significant sources of estimation uncertainties were the same as those applied stated in the annual most recent consolidated financial statements.

However, and as indicated in note (15) above, the Group has reviewed the significant sources of uncertainties shown in the most recent annual consolidated financial statements in the light of the covid-19 pandemic. Management believes that all other sources of uncertainties remain similar to those reflected in the most recent annual consolidated financial statements. Management will continue to monitor the situation. Any required changes will be reflected in future reporting periods.

### 2.5 Presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional currency. All amounts in the financial statements are presented in Saudi Riyals.

### 3. Summary of significant accounting policies

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the interim condensed consolidated financial statements for the year ended December 31, 2021.

### 4. New standards, amendments to standards and interpretations

No new accounting standards and interpretations were issued. However, a number of changes to the standards are effective as of January 1, 2021 which were explained in the annual consolidated financial statements of the Group. These standards and interpretations do not have a material impact on the interim condensed consolidated financial statements of the Group.

### 5. Group Information

Details of the Subsidiary entity are as follows:

Subsidiary Name	Country of incorporation	Main Activity	Shareholding percentage	
			31/3/2022	31/12/2021
Baazeem Trading Establishment	State of Qatar	Trade of Household Appliances	100%	100%

Baazeem Trading Establishment was established in 1998 as a sole proprietorship and was registered in Qatar for the purpose of trading in cleaning materials and tools in the name of one of the primary Shareholders (Chairman of Board of Directors). This is approved in the minutes of the Board of Directors and the minutes of the General Assemblies.

The interim condensed consolidated statement of income and comprehensive income includes the results of operations of the subsidiary for the year ended December 31, 2022. The interim condensed consolidated statement of financial position includes the assets and liabilities of the subsidiary as at March 31, 2022.



## BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

### Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

#### 6. Financial assets at fair value through other comprehensive income

Company Name	Country of Incorporation	Main Activity	Percentage		Acquisition cost	31/3/2022	31/12/2021
			2021	2020			
Shamil Bank of Yemen and Bahrain – Joint-Stock	Republic of Yemen	Finance	8.96%	8.96%	10,189,262	1	1
Burum Seafood Company – Joint-Stock	Republic of Yemen	Industrial	11.50%	11.50%	4,317,290	1	1
Al-Mawarid Company for Education & Health Services – Joint-Stock	Republic of Yemen	Services	1.70%	1.70%	3,874,173	1	1
					<b>18,380,725</b>	<b>3</b>	<b>3</b>

- 6.1. In the light of the Company's Board's constant monitoring of the status of investments in the Republic of Yemen, which has been going through tumultuous economic conditions and the impact of the same on the financial statements, and due to the Management's inability to determine the impairment of the said investments because of the circumstances, the Company's Management amortized during 2019 the Company's investments in the Republic of Yemen.



## BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

### Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

#### 7. Trade receivables and other debit balances – net

	31/3/2022	31/12/2021
Customers	110,960,950	89,607,441
<b>Less:</b> Provision for expected credit loss	(3,039,830)	(3,039,830)
<b>Trade receivables - net</b>	<b>107,921,120</b>	<b>86,567,611</b>
Advances to the suppliers	5,096,714	2,178,776
Prepaid expenses	1,448,492	1,654,210
Zakat, Tax and Customs Authority (note 12.3)	6,538,580	6,538,580
Miscellaneous receivables	1,560,295	1,007,013
	<b>14,644,081</b>	<b>11,378,579</b>
	<b>122,565,201</b>	<b>97,946,190</b>

#### 8. Investments at FVTPL

	31/3/2022	31/12/2021
Balance at beginning of the period	-	-
Additions during the period	2,500,000	-
Revaluation profits	43,424	-
<b>Balance at end of the period</b>	<b>2,543,424</b>	<b>-</b>

- The balance represents investments at fair value through profit or loss and held with Arab Investment Company.

#### 9. Cash and cash equivalents

	31/3/2022	31/12/2021
Checks under collection	4,507,550	4,853,568
Current bank accounts	23,244,848	30,455,358
Term deposits	412,000	412,000
	<b>28,164,398</b>	<b>35,720,926</b>

#### 10. Share capital

	31/3/2022	31/12/2021
<b>Share capital</b>	<b>101,250,000</b>	<b>101,250,000</b>

The share capital of the Company amounts to SR101,250,000 consisting of 10,125,000 shares with a nominal value of SR10 per share. The founders subscribed to the entire share capital of the Company as in-kind shares.

On Safar 27, 1438 H (November 27, 2016), the Board of Directors of the Company and the Shareholders in the Extraordinary General Assembly decided to issue 3,037,500 shares representing 30% of the Company's shares in the parallel market. On Rabi Al-Thani 19, 1438 H (January 17, 2017), the Board of Directors of the Capital Market Authority (CMA) approved the prospectus of Baazeem Trading Company, a Saudi Joint Stock Company - Listed.

On 28/11/2019, the Capital Market Authority approved the request submitted by the Company on 8/10/2019 to transfer from the parallel market to the principal market. The Company's shares have been listed and traded on the principal market as of 4/12/2019.



# BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

## Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 11. Banks – Credit facilities

	31/3/2022	31/12/2021
Banks - credit facilities for letters of credit	18,809,381	11,423,160
Short-term Tawarruq	2,000,000	5,000,000
	<b>20,809,381</b>	<b>16,423,160</b>

- They represent financing the working capital, opening letters of credit and Tawarruq on letters of credit, financing direct transfers to suppliers in order to finance the Company's liabilities based on the agreements signed between the Company and a number of banks. These agreements are compatible with the provisions of Islamic Sharia.

### 12. Zakat payable

#### 12.1. Movement of Zakat payable

	31/3/2022	31/12/2021
Balance at beginning of the period/year	4,284,044	4,035,174
Paid during the period / year	(4,279,174)	(6,312,285)
Provided for during the period / year	1,160,000	4,284,044
Company's share of zakat differences for the years from 2014 to 2018	-	2,277,111
<b>Balance at end of the period/ year</b>	<b>1,164,870</b>	<b>4,284,044</b>

#### 12.2. Zakat status

During 2020, the Company received the final assessment for the years 2014-2018. The Zakat, Tax and Customs Authority claimed zakat differences amounting to SR8.5 million. The Company objected at the Zakat, Tax and Customs Authority (ZATCA), which accepted some items and rejected others, thus the zakat differences amounted to SR5.4 million. The Company objected to the said differences to the General Secretariat of Tax Committees (GSTC). The objection was registered under Z-2021-46525 dated 08/04/2021.

On 05/07/2021, the Company submitted a settlement application to the Tax and Zakat Dispute Resolution Committee at the Zakat, Tax and Customs Authority under 13632. The committee sent the Company a confirmation of receipt.

A hearing was scheduled for 08-03-2021, during which additional information about differences in imports, credit items, and investments was requested. On September 30, 2021, notification was received stating that the decision of the Zakat and Tax Disputes Resolution Committee No. 14/1443 had been approved and that an amount of SR2,366,405 was required to be paid for the zakat differences. The amount refers to the period from 2014 to 2018, and it is in addition to the previous amount paid by the Company, which is SR2,693,841. As a result, the total amount paid for differences during this time period is SR5,060,246. The amount approved by the decision made by the Zakat and Tax Disputes Resolution Committee was paid on 10/10/2021.

Based on the founding Shareholders' previous commitment to pay the amounts representing the final assessment by the Zakat, Tax and Customs Authority for the years preceding the offering date, the founding shareholders committed to paying 55 percent of the total amount, reducing the financial impact on the Company's results. Consequently, the net amount incurred by the Company as additional amounts of zakat differences for this period is SR2,277,111. The Company submitted its zakat returns for the years from 2013 to 2021 and obtained a final certificate for 2021.



# BAAZEEM TRADING COMPANY

(A Saudi Joint Stock Company) – Riyadh

## Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 12.3. Value Added Tax

During the year 2020, the Company obtained an adjusted assessment of value added tax, where the Authority demands that the Company must pay tax differences of SR5,994,256 for the years 2018 and 2019. Based on the Authority's initiative that if the principal amount is paid, the penalties will be dropped, so the Company paid the original value-added tax difference of SR2,427,910. As a result, the Authority deleted wrong penalty under entry and the fine for delay under payment.

The Company submitted an objection to the Zakat, Tax and Customs Authority, and the objection was rejected. The Company submitted a settlement request, but no agreement was reached with the settlement committee. Accordingly, the objection was submitted to the General Secretariat of the Zakat, Tax and Customs Committees, and a hearing was set on March 27, 2022. During the session, the Circuit decided to reject the case and set thirty days as a date for receiving the copy of the decision. The Company has the right to request an appeal of the decision within thirty days as of the day following the date specified for its receipt. The Company will appeal within the specified period and the tax advisor believes that the Company's position is good.

During the year 2021, the Company obtained an assessment of the value added tax for the months of June and December 2020 and other months. The Authority demands that the Company must pay tax differences of SR4,110,670 in addition to penalties for error in the declaration and penalties for delay in payment for the year 2020. The Company paid these amounts to the Authority on September 28, 2021, so that it can submit the objection for the months of June and December.

It also paid differences for the rest of the months without objection. The Company submitted an objection for the months of June and December to the Zakat, Tax and Customs Authority, and the objection was rejected on February 6, 2022. On March 1, 2022, the Company submitted the objection to the General Secretariat of the Zakat, Tax and Customs Committees, and it has not been considered to date. The tax advisor believes that the Company's position is good, as the objected item does not represent taxable revenue, but rather a discount from an external supplier.

The Company submitted its tax returns for the years from 2018 to 2021, according to its inputs and outputs.

### 13. Sales - net

	31/3/2022	31/3/2021
Total sales	86,921,217	94,101,315
Less: Agreements and discounts	(12,483,730)	(14,264,032)
	<b>74,437,487</b>	<b>79,837,283</b>

### 14. Earnings per share

Basic and diluted earnings per share is calculated by dividing the annual profit attributable to the Company's Shareholders by the weighted average number of shares issued as follows:

	31/3/2022	31/3/2021
Profit for period	8,891,512	9,784,092
Weighted average number of shares issued	1,125,000	10,125,000
Basic and Diluted Earnings per share (S.R.)	<b>0.88</b>	<b>0.97</b>



# **BAAZEEM TRADING COMPANY**

(A Saudi Joint Stock Company) – Riyadh

---

## **Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

### **15. Covid-19 updates**

The spread of the corona virus (covid-19) pandemic was confirmed at the beginning of 2020, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, which took precautionary measures to encounter the adverse effects of the pandemic. The extent of the impact of the covid-19 pandemic on the Company's business, operations and financial results is something which the Company's Management believes. However, the amounts are not specified and depend on myriad factors and future developments. This required the Company's Management reassess the assumptions, estimates and primary sources applied to the Company's interim condensed consolidated financial statements for the period ended March 31, 2022.

During that period, in the light of the discovery of new vaccines for this pandemic and the declining impact of covid-19, the Management assessed the potential impact on the Company's operations and activities. As a result, there was no need to make any significant adjustments to the interim condensed consolidated financial statements for the period ended March 31, 2022. However, given the current uncertainty, a future change in assumptions and estimates may result in substantial adjustments to the carrying amounts of the assets and / or liabilities on a prospective basis. Due to the rapid developments of the current situation and in the light of the existence of uncertainty about the future, Management will continue to assess the impact based on future developments.

### **16. Subsequent events**

The management believes that there are no significant subsequent events from the date of the statement of financial position at March 31, 2022 until the date of preparing these financial statements that may have a material impact on the financial position of the entity.

### **17. Approval of the interim condensed consolidated financial statements**

These interim condensed consolidated financial statements were approved by board of directors on May 19, 2022.