

**BINDAWOOD HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
(UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021  
with

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**BINDAWOOD HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and six-month periods ended 30 June 2021

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

## To the Shareholders of BinDawood Holding Company

### Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of BinDawood Holding Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is 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 the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 are 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 30 June 2021 condensed consolidated interim financial statements of BinDawood Holding Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



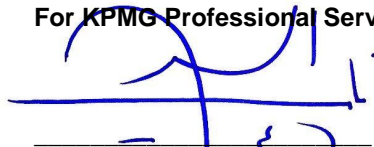
# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of BinDawood Holding Company (continued)

## Other matter

The consolidated financial statements of BinDawood Holding Company for the year ended 31 December 2020 and the condensed consolidated interim financial statements for the three-month and six-month periods ended 30 June 2020 were audited and reviewed respectively by another auditor who has expressed an unmodified opinion and conclusion thereon vide their reports dated 28 March 2021 and 27 August 2020, respectively.

## For KPMG Professional Services

  
Nasser Ahmed Al Shutairy  
License No: 454



Jeddah, 8 Muharram 2021  
Corresponding to: 16 August 2021

**BINDAWOOD HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		770,438,704	819,573,557
Intangible assets		659,024	166,650
Right-of-use assets	4	2,209,049,063	2,306,480,633
<b>Total non-current assets</b>		<b>2,980,146,791</b>	<b>3,126,220,840</b>
<b>Current assets</b>			
Inventories		807,959,856	1,000,267,648
Trade and other receivables		350,708,390	332,612,616
Prepayments and advances		67,168,162	78,351,093
Cash and cash equivalents	6	526,357,839	232,197,724
<b>Total current assets</b>		<b>1,752,194,247</b>	<b>1,643,429,081</b>
<b>Total assets</b>		<b>4,732,341,038</b>	<b>4,769,649,921</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	1,143,000,000	1,143,000,000
Statutory reserve	8	87,259,202	87,259,202
Retained earnings		239,785,056	82,680,640
<b>Total equity</b>		<b>1,470,044,258</b>	<b>1,312,939,842</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		109,825,040	104,581,994
Lease liabilities – non current portion	4	2,195,183,622	2,265,202,787
<b>Total non-current liabilities</b>		<b>2,305,008,662</b>	<b>2,369,784,781</b>
<b>Current liabilities</b>			
Due to related parties	5	12,955,692	16,930,608
Trade payables, accruals and other liabilities		652,452,401	756,207,298
Unearned income and other payables		17,362,843	36,349,882
Lease liabilities – current portion	4	264,476,054	260,064,477
Zakat liabilities	9	10,041,128	17,373,033
<b>Total current liabilities</b>		<b>957,288,118</b>	<b>1,086,925,298</b>
<b>Total liabilities</b>		<b>3,262,296,780</b>	<b>3,456,710,079</b>
<b>Total equity and liabilities</b>		<b>4,732,341,038</b>	<b>4,769,649,921</b>

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

The accompanying notes 1 to 18 form an integral part  
of these condensed consolidated interim financial statements.




**BINDAWOOD HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021  
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2021	2020	2021	2020
Revenue		1,122,820,371	1,547,593,492	2,247,243,754	2,960,806,334
Cost of revenue		(723,420,127)	(1,043,473,722)	(1,474,487,296)	(2,004,239,928)
<b>Gross profit</b>		<b>399,400,244</b>	<b>504,119,770</b>	<b>772,756,458</b>	<b>956,566,406</b>
Selling and distribution expenses		(244,117,468)	(247,921,421)	(492,232,578)	(515,378,296)
General and administration expenses		(40,270,757)	(45,951,161)	(80,802,786)	(82,245,270)
Other operating income		2,152,649	2,663,674	4,225,431	5,545,211
<b>Operating profit</b>		<b>117,164,668</b>	<b>212,910,862</b>	<b>203,946,525</b>	<b>364,488,051</b>
Other income		4,574,793	778,469	5,258,812	1,942,555
Finance cost		(21,289,363)	(23,515,531)	(44,002,727)	(46,759,798)
<b>Profit for the period before Zakat</b>		<b>100,450,098</b>	<b>190,173,800</b>	<b>165,202,610</b>	<b>319,670,808</b>
Zakat	9	(5,460,209)	(4,754,600)	(8,098,194)	(7,992,731)
<b>Profit for the period</b>		<b>94,989,889</b>	<b>185,419,200</b>	<b>157,104,416</b>	<b>311,678,077</b>
Other comprehensive income		--	--	--	--
<b>Total comprehensive income for the period</b>		<b>94,989,889</b>	<b>185,419,200</b>	<b>157,104,416</b>	<b>311,678,077</b>
<b>Earnings Per Share ("EPS") attributable to the Shareholders of the Parent Company:</b>					
Basic and diluted	10	0.83	1.62	1.37	2.73

  
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Chief Financial Officer

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**BINDAWOOD HOLDING COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six-month period ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b>30 June 2020</b>				
Balance at 1 January 2020 (audited)	1,143,000,000	42,487,003	866,238	1,186,353,241
Profit for the period	--	--	311,678,077	311,678,077
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	--	--	311,678,077	311,678,077
<i>Transactions with Shareholders of the Company</i>				
Dividend (note 7)	--	--	(90,000,000)	(90,000,000)
Balance as at 30 June 2020 (unaudited)	<u>1,143,000,000</u>	<u>42,487,003</u>	<u>222,544,315</u>	<u>1,408,031,318</u>
<b>30 June 2021</b>				
Balance at 1 January 2021 (audited)	1,143,000,000	87,259,202	82,680,640	1,312,939,842
Profit for the period	--	--	157,104,416	157,104,416
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	--	--	157,104,416	157,104,416
Balance as at 30 June 2021 (unaudited)	<u>1,143,000,000</u>	<u>87,259,202</u>	<u>239,785,056</u>	<u>1,470,044,258</u>

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

The accompanying notes 1 to 18 form an integral part  
of these condensed consolidated interim financial statements.



**BINDAWOOD HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Profit for the period		157,104,416	311,678,077
<b>Adjustments for:</b>			
Depreciation on property and equipment		82,415,457	82,418,596
Depreciation on right-of-use assets	4	124,792,602	132,129,189
Amortization of intangible assets		62,904	131,561
Finance cost on lease liabilities	4	44,027,622	46,784,784
(Gain) / loss on disposal of property and equipment		(52,649)	120,818
Provision for employees' end of service benefits		7,759,503	10,692,737
Gain on modification and termination of lease liability, net		(3,699,746)	(475,313)
Zakat for the period	9	8,098,194	7,992,731
		<u>420,508,303</u>	<u>591,473,180</u>
<b>Changes in working capital:</b>			
Inventories		192,307,792	104,279,679
Trade and other receivables		(18,095,774)	15,334,442
Prepayments and advances		11,182,931	7,770,516
Due from related parties		--	(2,412,609)
Due to related parties		(3,974,916)	3,882,608
Trade payables, accruals and other liabilities		(103,754,897)	(89,318,453)
Unearned income and other payables		(18,987,039)	(17,635,702)
<b>Cash generated from operating activities</b>		<u>479,186,400</u>	<u>613,373,661</u>
Zakat paid	9	(15,430,099)	(13,374,764)
Employees' benefits paid		(2,516,457)	(3,362,626)
<b>Net cash from operating activities</b>		<u>461,239,844</u>	<u>596,636,271</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(33,487,619)	(24,631,408)
Purchase of intangible assets		(555,278)	(168,490)
Proceeds from disposal of property and equipment		259,664	29,617
<b>Net cash used in investing activities</b>		<u>(33,783,233)</u>	<u>(24,770,281)</u>
<b>Cash flows from financing activities</b>			
Dividend paid	7	--	(90,000,000)
Payment of lease liabilities	4	(133,296,496)	(164,770,816)
<b>Net cash used in financing activities</b>		<u>(133,296,496)</u>	<u>(254,770,816)</u>
<b>Net increase in cash and cash equivalents</b>		<u>294,160,115</u>	<u>317,095,174</u>
Cash and cash equivalents at the beginning of the period		<u>232,197,724</u>	<u>214,950,268</u>
<b>Cash and cash equivalents at the end of the period</b>	6	<u>526,357,839</u>	<u>532,045,442</u>
<b>Supplementary non-cash information:</b>			
Additions to right-of-use assets	4	101,103,454	154,450,194
Additions to lease liabilities	4	101,103,454	146,818,108



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.



## **BINDAWOOD HOLDING COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

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#### **1. CORPORATE INFORMATION**

BinDawood Holding Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration number 4031063470 dated 16 Shaban 1432H (corresponding to 17 July 2011).

The shareholders of the Company resolved to change the legal status of the Company from "Limited Liability Company" to "Closed Joint Stock Company". The Ministry of Commerce announced the conversion into a Closed Joint Stock company on 16 Ramadan 1438H (corresponding to 11 June 2017). The Parent Company was fully owned by majority Saudi shareholders and minority GCC nationals, as at period end. During the year 2020, the Company's shares were listed on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The initial public offering consisted of the sale of twenty-two million eight hundred and sixty thousand (22,860,000) shares representing twenty percent (20%) of the issued share capital of the Company. The legal formalities of updating the Company By-laws and Commercial Registration Certificate were completed on 24 March 2021.

The registered office of the Company is located in the following address;

BinDawood Holding Company  
Masjid Al Haram Road  
Al Azizia District  
P.O. Box 5510, Makkah 21955  
Kingdom of Saudi Arabia

The Parent Company's objective is to manage its subsidiaries and provide required support to them. It also includes acquiring the required properties and movable assets for its activities, acquire, lease and utilize industrial and commercial equity rights, patents and brand names, franchise and other abstract rights for its subsidiaries or others.

These accompanying condensed consolidated interim financial statements include the financial statements of the Parent Company and its subsidiaries, hereinafter referred to as (the "Group"), collectively engaged in retail trading of foodstuff and household items, operating bakeries and restaurant for foodstuff.

**BINDAWOOD HOLDING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

**1. CORPORATE INFORMATION (continued)**

These condensed consolidated interim financial statements include the financial information of the Parent Company and the following subsidiaries:

<u>Name</u>	<u>Place of incorporation</u>	<u>Principle field of activity</u>	<u>Effective shareholding %</u>	
			<u>30 June 2021</u>	<u>31 December 2020</u>
Bin Dawood Superstores Trading Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	<b>100%</b>	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	<b>100%</b>	100%
Danube Star for Bakeries and Marketing Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Wholesale of bakery and related products to commercial supermarkets.	<b>100%</b>	100%

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE****2.1 Statement of compliance**

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS 34"), "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in full set of annual financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020 ("last annual consolidated financial statements"). In addition, results for the interim period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

## **BINDAWOOD HOLDING COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

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## **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

### **2.2 Accounting convention / Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting and going concern concept, except for employees' end of service benefits that have been based on actuarial present value calculations.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### **2.3 Basis of consolidation**

The condensed consolidated interim financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting right

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## **BINDAWOOD HOLDING COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

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#### **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)**

##### **2.3 Basis of consolidation (continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income. Any investment retained is recognised at fair value.

##### **2.4 Significant accounting judgements, estimates and assumptions**

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expense and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also see Note 17.

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2020. The Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of calculation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended 31 December 2020.

The below accounting policies are in addition to those already disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2020;

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid deposits with original maturities of three month or less, which are available to the Group without any restrictions.



**BINDAWOOD HOLDING COMPANY**

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

**4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****4.1 Right-of-use assets**

The reconciliation and carrying amount of the right-of-use asset is as follows:

	<b>For the six- month period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2020 (Audited)</b>
Balance as at 1 January 2021	<b>2,306,480,633</b>	2,356,831,705
Additions	<b>101,103,454</b>	237,189,783
Lease modifications	<b>(72,413,533)</b>	52,565,032
Termination	<b>(1,328,889)</b>	(70,990,953)
Depreciation for the period/year	<b>(124,792,602)</b>	(269,114,934)
Balance as at 30 June 2021	<b><u>2,209,049,063</u></b>	<b><u>2,306,480,633</u></b>

**4.2 Lease liabilities**

Movement in lease liability over the period is as follows:

	<b>For the six- month period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2020 (Audited)</b>
Lease liability at beginning of the period/year	<b>2,525,267,264</b>	2,518,438,495
Additions to lease liability	<b>101,103,454</b>	229,784,928
Increase in lease liability due to finance cost	<b>44,027,622</b>	96,329,767
Lease modifications	<b>(76,173,440)</b>	52,565,032
Termination	<b>(1,268,728)</b>	(75,653,190)
Covid-19 related rent concessions	<b>--</b>	(27,598,291)
Lease payments made during the period/year	<b>(133,296,496)</b>	(268,599,477)
Lease liability at end of the period/year	<b><u>2,459,659,676</u></b>	<b><u>2,525,267,264</u></b>
Less: Current portion of lease liability	<b><u>264,476,054</u></b>	<b><u>260,064,477</u></b>
Non-current portion of lease liability	<b><u>2,195,183,622</u></b>	<b><u>2,265,202,787</u></b>

The Group has applied the practical expedient to all rent concessions that meet the conditions prescribed in the amendment to IFRS 16 issued in May 2020. The Group has recognised an amount of SR Nil in condensed consolidated statement of profit or loss for the six-month period ended 30 June 2021 as changes in lease payments (for the year ended 31 December 2020: SR 27.5 million). The change of lease payment was accounted for as a negative variable lease expense and netted with finance cost on lease liabilities presented in the condensed consolidated interim statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

**BINDAWOOD HOLDING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

For the three-month and six-month periods ended 30 June 2021

(Expressed in Saudi Arabian Riyals unless otherwise stated)

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise of shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. The Group enters various transactions with its related parties. Terms and conditions of these transactions are approved by the Board of Directors.

**5.1 Related party transactions and balances**

The aggregate value of related parties' transactions and outstanding balances are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<b>Transactions for the six-month period ended</b>		<b><u>Closing Balance</u></b>	
			<b><u>30 June</u></b>		<b>30 June</b>	31 December
			<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>Due from related parties:</i>						
Bin Dawood Trading Company	Affiliate	Shared service fee	<b>476,855</b>	467,500	--	--
Abdul Khaliq Bin Dawood Establishment	Affiliate	Shared service fee	<b>543,153</b>	532,500	<u>--</u>	<u>--</u>
					--	--

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**5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)****5.1 Related party transactions and balances (continued)**

The aggregate value of related parties' transactions and outstanding balances are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<b>Transactions for the six-month period ended 30 June</b>		<b><u>Closing Balance</u></b>	
			<u>2021</u>	<u>2020</u>	<u>30 June</u>	<u>31 December</u>
			<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><i>Due to related parties:</i></b>						
Safa Company Limited for Household Ware	Affiliate	Purchases of goods	<b>2,502,872</b>	6,130,809	<b>6,899,481</b>	8,029,340
Jumairah Marketing Establishment (Delsey), a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods	<b>7,471,349</b>	9,158,183		
		Lease rental income	<b>275,000</b>	275,000		
		Purchase of fixtures	<b>2,628,556</b>	--	<b>4,465,064</b>	1,338,730
International Application Company Limited	Affiliate	Online Sales Commission & advertisements	<b>3,352,312</b>	4,514,074	<b>836,844</b>	3,503,315
Jumairah Marketing Establishment (Toys), a Branch of Abdul Khaliq Bin Dawood Establishment	Affiliate	Purchases of goods	<b>3,032,992</b>	5,659,135		
		Lease rental income	<b>456,965</b>	318,055	<b>490,281</b>	939,870
Happy Time for Kids Toys Establishment	Affiliate	Purchases of goods	<b>2,039,855</b>	2,976,709	<b>226,222</b>	--
Etre Trading Establishment, a Branch of Abdul Khaliq BinDawood Establishment	Affiliate	Purchases of goods	<b>2,344,159</b>	--		
		Transfer out of goods	<b>648,305</b>	675,362	<b>37,800</b>	3,119,353
Amwaj Real Estate Company	Affiliate	Lease rental Payments	<b>16,278,050</b>	22,503,500	--	--
National Leader for Real Estate Company Limited	Affiliate	Lease rental Payments	<b>23,499,500</b>	43,550,000	--	--
					<b>12,955,692</b>	16,930,608

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**5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)****5.1 Related party transactions and balances (continued)**

As at 30 June 2021, the lease liabilities as disclosed in note 4 include an amount of SR 363.6 million (31 December 2020: SR 396.8 million) which relates to lease arrangements entered by the Group with its related parties.

**5.2 Key management personnel compensation**

The remuneration of directors and other key management personnel are as follows:

<u>Nature of transaction</u>	<b>Transactions for the six-month period ended</b>	
	<b><u>30 June</u></b>	
	<b><u>2021</u></b> <b>(Unaudited)</b>	<b><u>2020</u></b> <b>(Unaudited)</b>
Board of Directors remuneration	<b>1,051,000</b>	862,609
Salaries and other short-term benefits	<b>26,439,043</b>	20,116,483
Post-employment benefits	<b>956,112</b>	3,434,114

As at 30 June 2021, the outstanding amount due to key management personnel was SR 9.87 million (31 December 2020: SR 0.7 million).

**6. CASH AND CASH EQUIVALENTS**

	<b><u>30 June</u></b> <b><u>2021</u></b> <b>(Unaudited)</b>	<b>31 December</b> <b><u>2020</u></b> <b>(Audited)</b>
Cash in hand	<b>13,538,352</b>	9,563,000
Cash at banks - current accounts	<b>192,819,487</b>	222,634,724
Short-term deposits with original maturity of less than 90 days	<b>320,000,000</b>	--
	<b>526,357,839</b>	232,197,724

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating institutions and there has been no history of default with any of the Group's bank balance. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.



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**7. SHARE CAPITAL**

As at 30 June 2021, the share capital of the Parent Company of SR 1.14 billion consists of 114.3 million shares of SR 10 each (31 December 2020: SR 1.14 billion consists of 114.3 million shares of SR 10 each).

During the period ended 30 June 2021, the Board of Directors of the Company have not approved any interim dividend (30 June 2020: SR 90 million equivalent to SR 0.79 per share with total number of 114,300,000 shares which has been paid in cash during the prior period ended 30 June 2020).

Subsequent to period end, on 12 August 2021 (corresponding to 4 Muharram 1442H) the Board of Directors of the Company have approved an interim dividend of SR 142.87 million (SR 1.25 per share with total number of 114,300,000 shares).

**8. STATUTORY RESERVE**

In accordance with the Company's bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital.

The statutory reserve in the condensed consolidated interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

**9. ZAKAT**

The Parent Company has obtained an approval from Zakat, Tax and Customs Authority ("ZATCA"), formerly referred as General Authority of Zakat and Tax ("GAZT"), for the consolidated filing of zakat return from the year ended 2016 onwards. Accordingly, zakat is assessed on consolidated basis effective 2016.

The movement in the zakat provision during the period / year is as follows:

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Balance at the beginning of the period / year	<b>17,373,033</b>	15,565,314
Charge for the period / year	<b>8,098,194</b>	15,182,483
Payments during the period / year	<b>(15,430,099)</b>	(13,374,764)
At the end of the period / year	<b>10,041,128</b>	17,373,033

The Parent Company along with the subsidiaries have filed its Zakat declaration on a standalone basis until the year ended 31 December 2015. From 2016 onwards, the Parent Company started filing the consolidated Zakat declarations for all wholly owned subsidiaries. Consolidated Zakat declaration together with the information declarations for wholly owned subsidiaries for the years ended 31 December 2016 through 2020 has already been submitted. The Parent Company has obtained the Zakat certificate until 30 April 2022.

There is no change in status of assessments as disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

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**10. EARNINGS PER SHARE****Basic and diluted earnings per share**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	<b>Three-month period ended 30 June</b>		<b>Six-month period ended 30 June</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
Profit for the period	<b><u>94,989,889</u></b>	<u>185,419,200</u>	<b><u>157,104,416</u></b>	<u>311,678,077</u>
Weighted average number of ordinary shares for basic and diluted EPS	<b><u>114,300,000</u></b>	<u>114,300,000</u>	<b><u>114,300,000</u></b>	<u>114,300,000</u>
Earnings per share – basic and diluted	<b><u>0.83</u></b>	<u>1.62</u>	<b><u>1.37</u></b>	<u>2.73</u>

There has been no item of dilution affecting the weighted average number of ordinary shares.

**11. COMMITMENTS AND CONTINGENT LIABILITIES**

- a) The Group has outstanding letters of credit to import goods amounting to SR 7.6 million as at 30 June 2021 (31 December 2020: SR 9.78 million) and outstanding letters of guarantee amounting to SR 6.8 million as at 30 June 2021 (31 December 2020: SR 1.8 million).
- b) As at 30 June 2021, the Group has future capital commitments amounting to SR 8.66 million (31 December 2020: Nil). Further the Group has annual lease commitments totaling SR 3.49 million as at 30 June 2021 (31 December 2020: SR 6.5 million) relating to branch rentals.
- c) The Parent Company and its subsidiaries namely Bin Dawood Superstores Company Limited (A Limited Liability Company), Danube Company for Foodstuffs and Commodities (A Limited Liability Company) and Danube Star for Bakeries and Marketing Company (A Limited Liability Company) have provided corporate guarantees amounting to SR 398.5 million as at 30 June 2021 (31 December 2020: SR 453.5 million) to local banks in respect of banking facilities obtained within the Group.
- d) During the period ended 30 June 2021, a Plaintiff has filed a legal case against the Group claiming compensation pertaining to infringement of a Patent which was dismissed by the Court of First Hearing in the first session. The Plaintiff filed an appeal with the Court of Appeal, which reversed the initial verdict of the Court of First Hearing and requested for reopening the case. However, no hearing date has been decided yet. Management is of the view that as decided previously, the result will still be in the Group's favor and accordingly, no provision has been made in these condensed consolidated interim financial statements.

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#### **12. SEGMENT INFORMATION**

The Group is solely engaged in retail trading of consumer goods and operates completely within the Kingdom of Saudi Arabia.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors, as this makes the key operating decisions of the Group and is responsible for allocating resources and assessing performance.

Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group as a whole. The operations of all elements of the business are driven by the retail sales environment and hence have fundamentally the same economic characteristics. All operational decisions made are focused on the performance and growth of the retail outlets and the ability of the business to meet the supply demands of the stores.

The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The Directors' conclusion is that the Group has only one operating segment, which is that of retailing.

Performance is measured by the CODM based on profit before zakat as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the results of the Group. In addition, segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the management.

#### **13. FINANCIAL INSTRUMENTS – FAIR VALUES**

##### **Accounting classification and fair values**

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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#### **13. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

As at 30 June 2021 and 31 December 2020, the fair values of the Group's financial instruments approximate their carrying values.

#### **14. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks including market risk credit risk and liquidity risk. The Group's overall risk management program focuses on the robust liquidity management as well as monitoring of various relevant markets variables, thereby consistently seeks to minimize potential adverse effects on the Group's financial performance.

##### **Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.



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**14. FINANCIAL RISK MANAGEMENT (continued)****Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other part to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk on its bank balances, trade and other receivables and due from related parties is as follows:

	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Cash at bank	<b>192,819,487</b>	222,634,724
Short-term deposits	<b>320,000,000</b>	--
Trade and other receivables	<b>350,708,390</b>	332,612,616
	<b><u>863,527,877</u></b>	<u>555,247,340</u>

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at 30 June 2021, the Company has unused bank financing facilities amounting to SR 346.2 million (31 December 2020: SR 426.8 million) to manage the short term and the medium-term liquidity requirements.

*Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date.

<b>30 June 2021</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>			
		<b>Less than one year</b>	<b>Within one to five years</b>	<b>More than five years</b>	<b>Total</b>
Trade payables, accruals and other liabilities	<b>652,452,401</b>	<b>652,452,401</b>	--	--	<b>652,452,401</b>
Lease liabilities	<b>2,459,659,676</b>	<b>357,760,654</b>	<b>1,151,037,927</b>	<b>1,569,625,374</b>	<b>3,078,423,955</b>
Due to related parties	<b>12,955,692</b>	<b>12,955,692</b>	--	--	<b>12,955,692</b>
	<b><u>3,125,067,769</u></b>	<b><u>1,023,168,747</u></b>	<b><u>1,151,037,927</u></b>	<b><u>1,569,625,374</u></b>	<b><u>3,743,832,048</u></b>

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**14. FINANCIAL RISK MANAGEMENT (continued)****Liquidity risk (continued)***Exposure to liquidity risk (continued)*

		Contractual cash flows			
	Carrying <u>amount</u>	Less than <u>one year</u>	Within one to <u>five years</u>	More than <u>five years</u>	<u>Total</u>
<u>31 December 2020</u>					
Trade payables, accruals and other liabilities	756,207,298	756,207,298	--	--	756,207,298
Lease liabilities	2,525,267,264	329,768,266	1,405,605,396	1,398,456,474	3,133,830,136
Due to related parties	16,930,608	16,930,608	--	--	16,930,608
	<u>3,298,405,170</u>	<u>1,102,906,172</u>	<u>1,405,605,396</u>	<u>1,398,456,474</u>	<u>3,906,968,042</u>

**Market risk**

Market risk is the risk that changes in the market prices - such as foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Group is not exposed to other price risks.

***Commission rate risk***

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group manages the commission rate risk by regularly monitoring the commission rate profiles of its commission bearing financial instruments. There are no commission bearing financial assets and liabilities at the reporting date and therefore there is no commission rate sensitivity at the reporting date.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is subject to fluctuation in foreign exchange rates in normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyal, Euros and US Dollar. Trade payables and accruals include an amount of SR 10.8 million (31 December 2020: SR 7.32 million) due in Euros. As the Saudi Riyal is pegged to the US Dollar, the balances in foreign currency are not considered to represent significant foreign currency risk.

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**15. CAPITAL MANAGEMENT**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using gearing ratio, which is adjusted net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables less cash and cash equivalents over total equity.

The gearing ratio as at 30 June 2021 and 31 December 2020 is as follows:

	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Total Liabilities	<b>3,262,296,780</b>	3,456,710,079
Less: Cash and cash equivalents	<b>(526,357,839)</b>	(232,197,724)
Adjusted net debt	<b><u>2,735,938,941</u></b>	<u>3,224,512,355</u>
Total Equity	<b><u>1,470,044,258</u></b>	<u>1,312,939,842</u>
Adjusted net debt to equity ratio	<b><u>1.86</u></b>	<u>2.46</u>

**16. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE****Amendments to Standards**

There are no new standards issued, however the adoption of the following amendments to the existing standards have no significant impact on the condensed consolidated interim financial statements of the Group in the current period or prior periods and is expected to have no significant effect in the future periods.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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#### **16. AMMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

##### **Standards and Pronouncements Issued and Not Yet Effective**

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

#### **17. IMPACT OF COVID-19**

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies including the Kingdom of Saudi Arabia, causing disruption to businesses and slowdown of economic activities in general as a result of travel restrictions and social distancing requirements. The Group and the wider industry witnessed bulk buying by consumers during the lock down period in 2020 resulting in significant growth in revenues.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Group's management has considered the potential impacts of COVID-19 on the operations and concluded that as of the issuance date of these condensed consolidated interim financial statements, no significant changes are required to the judgements and key estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

#### **18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements have been approved by the Board of Directors on 4 Muharram 1443H, corresponding 12 August 2021.