

**BAAZEEM TRADING COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND NINE-
MONTH PERIODS ENDED SEPTEMBER 30, 2022
(UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**BAAZEEM TRADING COMPANY
(SAUDI JOINT STOCK COMPANY)
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TOGETHER WITH INDEPENDENT AUDITOR'S
REVIEW REPORT**

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

To the **Shareholders of Baazeem Trading Company**
(Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Baazeem Trading Company** (Saudi Joint Stock Company) ("the company") and its subsidiary collectively referred to together as the ("Group"), as at September 30, 2022, and the related interim condensed consolidated statement of profit or loss and the other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The group's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) 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 the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing 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 such 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 as at September 30, 2022 have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter:

We refer to note (2) 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.

For Al-Kharashi Co.



Abdullah S. Al Misned
License No. (456)



Riyadh:
Rab. II 14, 1444 H
November 8, 2022

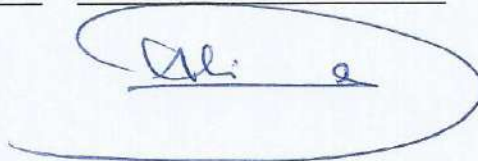
Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Financial Position (unaudited)
As at September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Non-current assets:			
Property, plant and equipment, net		32,737,477	38,975,125
Intangible assets, net		1,648,485	2,162,544
Right -of- use assets, net		2,686,524	2,810,514
Financial assets at fair value through other comprehensive income	5	3	3
Total non-current assets		37,072,489	43,948,186
Current assets:			
Inventory	6	59,750,574	61,351,668
Trade receivables and other debit balances, net	7	114,848,658	97,946,190
Cash and cash equivalents	8	38,124,607	35,720,926
Total current assets		212,723,839	195,018,784
Total assets		249,796,328	238,966,970
Equity and Liabilities			
Equity:			
Paid Share capital	1-b	101,250,000	101,250,000
Statutory reserve		30,375,000	30,375,000
Retained earning		56,091,812	63,410,991
Employees defined benefit obligations remeasurement reserve		(950,236)	(950,236)
Total equity		186,766,576	194,085,755
Liabilities			
Non-current liabilities:			
Lease obligations - non-current portion		2,879,196	2,769,588
Employees defined benefit obligations provision		8,406,980	8,658,766
Total non-current liabilities		11,286,176	11,428,354
Current liabilities:			
Banks - credit facilities	9	26,701,809	16,423,160
Lease obligations - current portion		27,535	36,712
Trade payables and other credit balances		21,153,108	12,327,405
Due to related parties		376,254	381,540
Zakat provision	10	3,484,870	4,284,044
Total current liabilities		51,743,576	33,452,861
Total liabilities		63,029,752	44,881,215
Total equity and liabilities		249,796,328	238,966,970

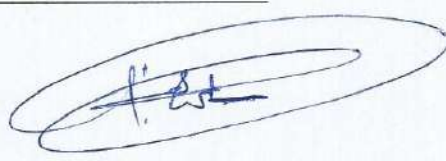
Finance Department



Chief Executive Officer



Chairman of BOD



- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Baazeem Trading Company
(Saudi Joint Stock Company)

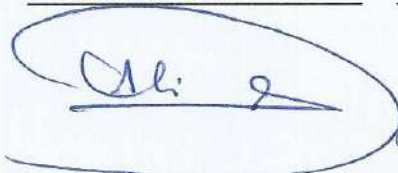
Interim condensed Consolidated statement of profit or loss and other comprehensive income (unaudited)
For the three-month and nine-month periods ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

Note	For the three-month period ended		for the nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue, net	63,207,806	59,516,741	196,099,207	198,730,304
Cost of revenue	(40,745,950)	(38,815,903)	(123,959,016)	(123,761,986)
Gross profit	22,461,856	20,700,838	72,140,191	74,968,318
Operating Expenses:				
Selling and marketing expenses	(12,114,612)	(10,690,532)	(32,974,194)	(33,467,221)
General and administrative expenses	(4,567,998)	(4,841,689)	(17,098,317)	(18,058,452)
Impairment in value of inventory	(416,307)	(385,595)	(1,336,695)	(1,180,435)
Other expenses, net	-	-	(4,702)	(123,502)
Profit from operations	5,362,939	4,783,022	20,726,283	22,138,708
Investment losses in fair value valuation	-	-	(238,260)	-
Other income	4,635	854,910	1,093,256	1,130,870
Finance cost	(163,569)	(296,946)	(614,208)	(917,818)
Profit before zakat for the period	5,204,005	5,340,986	20,967,071	22,351,760
Approximate zakat	(1,160,000)	(1,160,000)	(3,480,000)	(3,480,000)
Net profit for the period	4,044,005	4,180,986	17,487,071	18,871,760
Other comprehensive income item				
Other comprehensive income items that will be later be reclassified to profit or loss:				
Other comprehensive income	-	-	-	-
Total other comprehensive income for the period	4,044,005	4,180,986	17,487,071	18,871,760
Earnings per share	11			
Basic and diluted earnings per share from profit from operations	0.53	0.47	2.05	2.19
Basic and diluted earnings per share from profit before zakat for the period	0.51	0.53	2.07	2.21
Basic and diluted earnings per share from net profit for the period	0.40	0.41	1.73	1.86

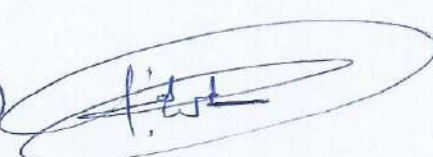
Finance Department



Chief Executive Officer



Chairman of BOD



- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

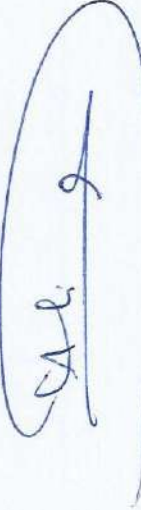
Baa'zeem Trading Company
Saudi Joint Stock Company
Interim condensed Consolidated Statement of Changes in Equity (unaudited)
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Paid Share Capital	Statutory Reserve	Retained Earnings	Employees defined benefit obligations remeasurement reserve	Total equity
Balance as at January 1, 2021 (Audited)	101,250,000	30,375,000	59,579,023	-	191,204,023
Net profit for the period	-	-	18,871,760	-	18,871,760
Dividends paid	-	-	(17,718,750)	-	(17,718,750)
Balance as at September 30, 2021 (Unaudited)	101,250,000	30,375,000	60,732,033	-	192,357,033
Balance as at January 1, 2022 (Audited)	101,250,000	30,375,000	63,410,991	(950,236)	194,085,755
Net profit for the period	-	-	17,487,071	-	17,487,071
Dividends paid (Note 15)	-	-	(24,806,250)	-	(24,806,250)
Balance as at September 30, 2022 (Unaudited)	101,250,000	30,375,000	56,091,812	(950,236)	186,766,576

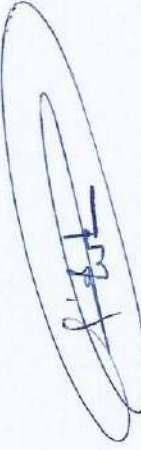
Finance Department



Chief Executive Officer



Chairman of BOD



- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed of Consolidated Statement of Cash Flow (unaudited)
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended	
		September 30, 2022	September 30, 2021
		(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Profit before zakat for the period		20,967,071	22,351,760
Adjustments to non-cash transaction			
Depreciation of Property, plant and equipment		2,518,598	2,741,640
Depreciation of Right -of- use assets		123,990	123,990
Amortization of Intangible assets		514,059	514,060
Capital Gain from Disposal of Property, plant and equipment		(936,480)	(85,000)
Impairment in value of Trade Receivables		-	208,502
Impairment in value of inventory		1,336,695	1,180,435
Employee defined benefit obligation expenses		900,000	1,650,000
Finance cost		614,206	917,818
		26,038,139	29,603,205
Changes in working capital			
Trade Receivables and other debit balances, net		(16,902,468)	(20,138,589)
Inventory		264,399	(3,348,274)
Trade payables and other credit balances		8,825,702	8,197,683
Due to related Parties		(5,286)	(22,754)
Finance cost paid		(513,774)	(1,067,684)
Net cash flows generated from changes in working capital		17,706,712	13,223,587
Zakat paid		(4,279,174)	(4,035,174)
Employee defined benefit obligation payment		(1,151,786)	(544,987)
Net cash flow generated from operating activities		12,275,752	8,643,426
Cash flows from investing activities:			
Additions to property, plant and equipment		(888,819)	(885,598)
Proceeds from disposal of property, plant and equipment		5,544,349	85,000
Net cash flow generated from /(used in) investing activities		4,655,530	(800,598)
Cash flows from financing activities:			
Payments of bank credit facilities	9	(78,228,545)	(110,506,035)
Proceeds from bank credit facilities	9	88,507,194	115,827,399
Dividends paid	15	(24,806,250)	(17,718,750)
Net cash flow used in financing activities		(14,527,601)	(12,397,386)
Net change in cash and cash equivalents		2,403,681	(4,554,558)
Cash and cash equivalents at the beginning of the period		35,720,926	36,711,727
Cash and cash equivalents at the end of the period	8	38,124,607	32,157,169

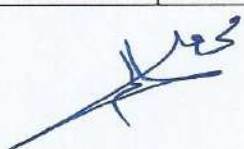
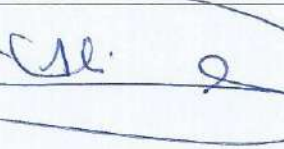
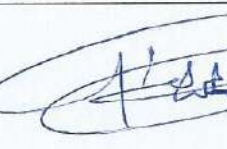
Non-cash transaction

Impairment in value of inventory provision against inventory	6	(1,336,695)	(1,180,435)
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Finance Department

Chief Executive Officer

Chairman of BOD

- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

1- Company information:

A. Establishing the company

Baazeem Trading Company (SA) - a Saudi joint-stock company - listed, established as per Ministerial Resolution No. (50/Q), dated Safar 12, 1429H (February 19, 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 Sha'ban 11, 1398H.

The Board of Directors of the Capital Market Authority (CMA) approved the prospectus on Rabi Al-Thani 19, 1438 H (January 17, 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 November 28, 2019, the Capital Market Authority approved the request submitted by the Company on October 8, 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 December 4, 2019.

B. The company's share capital

The share capital of the Company amounts to SR 101,250,000 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 November 28, 2019, the Capital Market Authority approved the request submitted by the Company on October 8, 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 at December 4, 2019.

C. The nature of the company's activity

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 Factory for Industry) includes the manufacturing of sanitary paper, napkins, cleaning wipes, towels, tissue paper, towel rolls, and ready-made food packaging.

D. Fiscal year

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

E. Presentation currency and activity

The financial statements are prepared in Saudi Riyals, which is the currency of activity and offer for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2- Group information

The accompanying interim condensed consolidated financial statements include the financial statements of the Parent Company and the Subsidiary (Collectively referred to as the "Group") as at September 30, 2022.

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Shareholding % as at</u>	
		<u>September 30, 2022</u>	<u>December 31, 2021</u>
Baazeem Trading Establishment	Qatar	100%	100%

The following are the branches of the company according to commercial registration:

<u>Serial</u>	<u>Name of branch</u>	<u>Commercial Register No.</u>	<u>Date of commercial registration</u>
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	Buraidah 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	Baazeem Factory for Industry	4042007183	24/11/1438 H

3- The Foundations of the preparation of interim condensed consolidated financial statements:

3-1 Statement of commitment

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi organization for certified public accountants (SOCPA)

These interim condensed consolidated financial statements don't include all the information and disclosures required to prepare a full set of the consolidated financial statements. Hence, these interim condensed consolidated financial statements should be read on conjunction with the group consolidated financial statements for the year ended December 31, 2021

3-2 Accounting basis

These interim condensed consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, except the employee's defined benefits obligation, which is recognized at the present value of future obligation using the projected unit credit method and financial assets at fair value through other comprehensive income.

Use of estimation and judgments.

The preparation of these consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The areas of management are important in the application of accounting policies and important sources of estimates and uncertainties that have a substantial impact similar to those described in the consolidated financial statements of the previous year.

**3- The Foundations of the preparation of interim condensed consolidated financial statements
(Continued):**

3-3 The basis for consolidating consolidated financial statements

The consolidated financial statements include the financial statements of the parent company, Baazeem Trading Company and its subsidiary (collectively referred to as the Group) as at September 30, 2022. Control over the invested business is achieved when it has the right to obtain different returns as a result of its participation in the investee company, and it has the ability to influence these returns by exercising its influence over the investee company. In particular, the Group controls the investee if, and only if, the Group has:

Leverage over the investee company (for example: it has the right that gives it the power to control the activities of the investee company).

- Exposure to risks and the right to obtain variable returns as a result of its participation in the investee company.

- The ability to use its influence over the investee company to affect its returns.

In general, there is an assumption that the majority of voting rights will lead to control. To support this assumption and when the Group has a lower level than the majority of voting rights or similar rights in the investee company, the Group takes into account all relevant facts and circumstances when assessing whether the Group has control over the investee company, and these facts and circumstances include the following:

- Contractual agreements with voting rights holders of the investee company.

- Rights resulting from other contractual agreements.

- The Group's right to vote and potential voting rights.

- Any additional facts or circumstances that indicate that the Group has or does not have the current ability to control activities related to decision-making, including voting on cases in previous shareholder meetings.

The Group performs a reassessment to ascertain whether or not it exercises control over the investee company, when facts and circumstances indicate that there is a change in one or more elements of control. Consolidation of a subsidiary begins when the Group has control of the subsidiary and ceases when the Group relinquishes exercising such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date control is transferred to the Group and until the Group relinquishes exercising such control.

Income and each component of comprehensive income which relates to the equity holders of the parent company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When it is necessary, the financial statements of subsidiaries are amended so that their accounting policies are prepared in line with the Group's accounting policies.

All intercompany balances in the Group such as assets, liabilities, equity, income, expenses and cash flows resulting from operations between the Group companies are completely eliminated upon consolidation of the financial statements.

Any change in ownership interests in the subsidiary, without loss of control, is treated as an equity transaction. In the event that the Group loses control over the subsidiary, it will cease to recognize the related assets and liabilities, non-controlling equity and other elements of equity, and the resulting gains or losses are recognized in the consolidated statement of profit or loss. The investment retained is recognized at fair value.

**3- The Foundations of the preparation of interim condensed consolidated financial statements
(Continued):**

3-3 The basis for consolidating consolidated financial statements (Continued):

In the event that the Group loses control over the subsidiaries:

- The assets (including goodwill) and liabilities associated with the subsidiary are excluded.
- Exclusion of the present value of any rights not controlled.
- Exclusion of cumulative balance differences recorded in equity.
- Recognition of the fair value of the assets received.
- Recognition of the fair value of any remaining investments.
- Recognition of any surplus or deficit in profits or losses.

Reclassification of the parent company's share in subsidiaries previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as it becomes a requirement if the Group directly disposes of assets and liabilities.

4- Significant accounting policies:

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

5- Financial assets at fair value through other comprehensive income

Company Name	Country of incorporation	Main activity	Percentage of ownership		Acquisition cost	September 30, 2022	December 31, 2021
			September 30, 2022	December 31, 2021			
Shamil Bank of Yemen and Bahrain - Joint-Stock	Republic of Yemen	Financial	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
					18,380,725	3	3

5-1 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 group's Management fully amortized during 2019 the Company's investments in the Republic of Yemen.

Baazeem Trading Company
Saudi Joint Stock Company
Notes on Interim condensed consolidated financial statements
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

6- Inventory

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Material and cleaning tools	37,534,586	42,664,377
Food stuff	18,002,559	17,590,384
Packing and packaging materials	638,624	757,828
Goods in transit	3,574,805	339,079
	59,750,574	61,351,668

The impairment in value of inventory movement is as follows:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Charges during the period / year	1,336,695	1,365,284
Used during the period / year	(1,336,695)	(1,365,284)
Balance at the end of the period / year	-	-

7- Trade Receivables and other debit balances, Net

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade Receivables	99,854,411	89,607,441
Less: Impairment in value of Trade receivables	(3,039,830)	(3,039,830)
Trade receivables, net	96,814,581	86,567,611
Advanced to suppliers	6,867,790	2,178,776
Zakat, Tax and customs Authority	6,538,580	6,538,580
Prepaid expenses	2,724,446	1,654,210
Other debit balances	1,903,261	1,007,013
	114,848,658	97,946,190

The impairment in value of trade receivables movement is as follows:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	3,039,830	2,939,162
Charges during the period / year	-	416,000
Used during the period / year	-	(315,332)
Balance at the end of the period / year	3,039,830	3,039,830

8- Cash and Cash equivalent

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Banks – current accounts	32,675,254	30,455,358
Cheques – under collection	4,855,696	4,853,568
Cash on hand	593,657	-
Term deposits	-	412,000
	38,124,607	35,720,926

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

9- Banks – Credit facilities:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Bank credit facilities for letters of credit	23,701,809	11,423,160
Short-term tawarruq	3,000,000	5,000,000
	<u>26,701,809</u>	<u>16,423,160</u>

The movement of credit facilities during the period/ year is as follows:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period\year	16,423,160	15,465,669
Proceeds during the year	88,507,194	140,533,564
Paid during the year	(78,228,545)	(139,576,073)
Balance at the end of the period\year	<u>26,701,809</u>	<u>16,423,160</u>

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.

10- Zakat status:

During 2020, the Company received the final assessment for the years 2014-2018. The ZATCA claimed zakat differences amounting to SAR 8.5 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 SAR 5.4 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 April 08, 2021.

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

A hearing was scheduled for March 08, 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 SAR 2,366,405 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 SAR 2,693,841. As a result, the total amount paid for differences during this time period is SAR 5,060,246.

The amount approved by the decision made by the Zakat and Tax Disputes Resolution Committee was paid on October 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 SAR 2,277,111.

The Company submitted its zakat returns for the years from 2013 to 2021 and obtained a final certificate for 2021.

10- Zakat status (Continued):

The Zakat provision movement was as follows:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period\year	4,284,044	4,035,174
Proceeds during the year	3,480,000	6,561,155
Paid during the year	(4,279,174)	(6,312,285)
Balance at the end of the period\year	3,484,870	4,284,044

Value Added Tax (VAT)

- During the year 2020, the company obtained an adjusted assessment of value added tax, where the authority demands the company for tax differences in the amount of SAR 5,994,256 for the years 2018 and 2019, and based on the authority's initiative that if the principal amount is paid, the fines will be dropped, so the company has paid the original value-added tax difference in the amount of SAR 2,427,910, the Authority will then remove the amount of the fine for error in entry and the fine for delay in payment. The company has submitted an objection to the Zakat, Tax and Customs Authority, and the objection was rejected. The company then submitted a settlement request, but no agreement was reached with the settlement committee. Accordingly, the objection was submitted to the Committee for Adjudication of Tax Violations and Disputes, and a session was set on March 27, 2022, during which a ruling was issued to dismiss the company's lawsuit, and the ruling was deposited with the General Secretariat of Tax Committees on May 06, 2022. The company filed an appeal on the lawsuit on June 27, 2022, and the appeal request was registered for the lawsuit No. 134517-2022-V and on June 27, 2022, with the General Secretariat of the Tax Committees and it has not been considered to date, and the tax advisor believes that the company's position is good.
- During the year 2021, the company obtained an assessment of value-added tax for the months of June and December 2020 and a number of other months, where the tax authority requires the company to tax differences in the amount of SAR 4,110,670 in addition to fines for error in the declaration and fines for late payment for the year 2020, and the company has paid These amounts were submitted to the tax authority on September 28, 2021, so that it could submit an objection for the months of June and December, while the differences for the remaining months were paid 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 filed an objection case No. 92699-2022-V to the General Secretariat of the Tax Committees, and a hearing was scheduled for October 27, 2022, during which consideration of the case was postponed to November 20, 2022. The tax advisor believes that the company's position is good, as the objected item does not represent taxable revenue, but rather a deduction from an external supplier.

The Company submitted its tax returns for the years from 2018 to 2022, according to its inputs and outputs.

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyals unless otherwise stated)

11- Earnings per share:

The calculation of underlying/reduced earnings per share is based on the return on ordinary shareholders and the weighted average number of existing common shares. Earnings per share as of September 30, 2022 was calculated based on the weighted average number of shares held during the year with a number of 10.125 million shares (December 31, 2021: 10.125 million shares). There are no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

	For the three-month period ended		For the nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit from operations	5,362,939	4,783,022	20,726,283	22,138,708
Profit before zakat for the period	5,204,005	5,340,986	20,967,071	22,351,760
Net profit for the period	4,044,005	4,180,986	17,487,071	18,871,760
weighted average number of shares	10,125,000	10,125,000	10,125,000	10,125,000
Basic and diluted earnings per share from profit from operations	0.53	0.47	2.05	2.19
Basic and diluted earnings per share from profit before zakat for the period	0.51	0.53	2.07	2.21
Basic and diluted earnings per share from net profit for the period	0.40	0.41	1.73	1.86

12- Capital management:

In order to manage the group's capital, the capital includes equity and all other equity reserves belonging to the group's owners. The main purpose of managing the group's capital is to maximize the value of shareholders' shares. The Group manages and adjusts its capital structure considering changes in economic conditions and financial commitment requirements. To maintaining or modifying the capital structure, the Group may adjust dividend amounts paid to shareholders, return capital to shareholders or issue new shares. The group monitors capital using the leverage ratio, which represents net debt divided by total equity plus net debt. The group's liabilities include net debt, term loans, commercial accounts payable, payable expenses and other credit balances, minus bank balances.

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Banks - credit facilities	26,701,809	16,423,160
Trade payables and other credit balances	21,153,108	12,327,405
Due to related parties	376,254	381,540
Less: Cash and cash equivalents	(38,124,607)	(35,720,926)
Net debt	10,106,564	(6,588,821)
Total equity	186,766,576	194,085,755
Leverage rate	5.41%	(3.39)%

13- Fair Value of Financial Tools

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities. The company's financial assets consist of cash and its equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties. Financial liabilities consist of trade payables, due to related parties and other credit balances.

The fair value of financial instruments is not significantly different from their book value, unless otherwise indicated.

14- Risk management

Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

Credit risk

Credit risk is that one financial instrument does not meet its obligations and causes the other party to suffer a financial loss. The Group is exposed to credit risk on cash and cash equivalents and Trade receivables as follows:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade receivables ,net	96,814,581	86,567,611
Cash and cash equivalents	38,124,607	35,720,926
	122,288,537	134,939,188

The Group manages customer credit risk by dealing with customers with a reliable credit history, obtaining high-quality guarantees when necessary, monitoring unpaid balances, and banking by dealing only with reputable banks.

Liquidity risk

Liquidity risk is that the group has difficulty in providing funds to meet its financial obligations associated with financial instruments.

Liquidity risks may arise from the inability to sell financial assets quickly at an amount of near their fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows regularly and ensuring that banking facilities are available when needed. The group's terms of contract require 60-120 days from the date of invoices, and commercial accounts are usually paid within 45-120 days of billing.

Increased risk concentration

The concentration of risks arises when a number of other parties engage in similar business activities or activities in the same geographical area or when they have economic characteristics that result in their ability to meet contractual obligations similarly affected by changes in economic, political or other circumstances. The concentration of risks indicates the relative sensitivity of the group's performance to developments affecting an industry.

15- Dividends paid:

The Board of Directors of the company decided at their meeting on March 13, 2022, to distribute cash dividends to the company's shareholders for the fiscal year 2021, with an amount of (SAR 17,718,750) distributed on the number of shares of 10.125 million shares, 1.75 Saudi riyals per share, distribution ratio of nominal value is 17.5%. it approved in the general assembly's on May 9, 2022.

The Board of Directors of the company decided at their meeting on August 9, 2022, to distribute cash dividends to the company's shareholders for the first half of the fiscal year 2022, with an amount of (SAR 7,087,500) distributed on the number of shares of 10.125 million shares, 0.70 Saudi riyals per share, distribution ratio of nominal value is 7%.

16- Subsequent events:

Group management considers that there are no significant subsequent events after the date of the report that require their modification or disclosure in these consolidated financial statements.

17- Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 8, 2022 G, Rab. II 14, 1444 H.