

**BAAZEEM TRADING COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD ENDED
March 31, 2023 (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 March 31, 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income and changes in shareholder's equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The 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 March 31, 2023 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:

Refer to note no. (2) group information regarding the Group investment in baazeem trading establishment - Qatar (a subsidiary). It shown that the investment is registered under the name of one of the main shareholders (Chairman of the Board of Directors) since the beginning of 2008. This investment was approved in the minutes of the meeting of the Board of Directors and the minutes of the Ordinary General Assembly of the company.

For Al-Kharashi Co.



Abdullah S. Al Msned
License No. (456)




Riyadh:
Shawwal 28, 1444 H
May 18, 2023



Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Financial Position (unaudited)
As at March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
Non-current assets:			
Property, plant and equipment, net		31,362,594	32,111,872
Right -of- use assets, net		2,603,864	2,645,194
Intangible assets, net		1,305,779	1,477,131
Financial assets at fair value through other comprehensive income	5	3	3
Total non-current assets		35,272,240	36,234,200
Current assets:			
Inventory	6	58,255,224	66,244,520
Trade receivables and other debit balances, net	7	120,798,003	100,568,768
Cash and cash equivalents	8	39,265,008	46,553,703
Total current assets		218,318,235	213,366,991
Total assets		253,590,475	249,601,191
Shareholder's 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		69,324,651	60,380,362
Employees defined benefit obligations remeasurement reserve		(1,623,258)	(1,623,258)
Total shareholder's equity		199,326,393	190,382,104
Liabilities			
Non-current liabilities:			
Lease obligations - non-current portion		2,591,051	2,560,342
Employees defined benefit obligations provision		8,634,233	9,073,586
Total non-current liabilities		11,225,284	11,633,928
Current liabilities:			
Banks - credit facilities	9	17,903,408	24,842,359
Lease obligations - current portion		127,099	125,685
Trade payables and other credit balances		19,277,052	18,045,876
Due to related parties		376,254	376,254
Zakat provision	10	5,354,985	4,194,985
Total current liabilities		43,038,798	47,585,159
Total liabilities		54,264,082	59,219,087
Total shareholder's equity and liabilities		253,590,475	249,601,191

Finance Department Chief Executive Officer Chairman of BOD

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

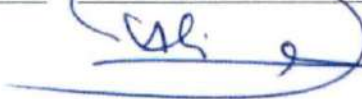
Baazeem Trading Company
(Saudi Joint Stock Company)
Interim condensed Consolidated statement of profit or loss and other comprehensive income (unaudited)
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended	
		31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
Revenue, net		75,441,639	74,437,487
Cost of revenues		(48,720,781)	(47,819,888)
Gross profit		26,720,858	26,617,599
Operating Expenses:			
Selling and marketing expenses		(10,691,590)	(11,600,696)
General and administrative expenses		(5,715,109)	(4,510,716)
Other expenses, net		(181,118)	(436,810)
Profit from operations		10,133,041	10,069,377
Finance cost		(179,548)	(292,383)
Investments gain in fair value valuation through profit or loss		-	43,424
Other income		150,796	231,094
Profit before zakat for the period		10,104,289	10,051,512
Approximate zakat		(1,160,000)	(1,160,000)
Net profit for the period		8,944,289	8,891,512
Other comprehensive loss items:			
Items of other comprehensive loss that are not subsequently reclassified to profit or loss:			
Actuarial losses generated from re-measurement of employee defined benefits obligations		-	-
Total comprehensive income for the year		8,944,289	8,891,512
Earnings per share	11		
Basic and diluted earnings per share from profit from operations		1.00	0.99
Basic and diluted earnings per share from net profit for the period		0.88	0.88

Finance Department



Chief Executive Officer



Chairman of BOD



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

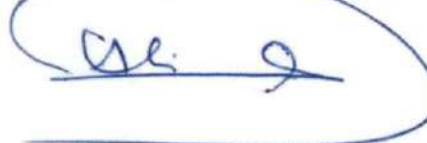
Baazeem Trading Company
Saudi Joint Stock Company
Interim condensed Consolidated Statement of Changes in shareholder's Equity (unaudited)
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	<u>Paid Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Employees defined benefit obligations remeasurement reserve</u>	<u>Total shareholder's equity</u>
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	-	-	8,891,512	-	8,891,512
Balance as at March 31, 2022 (Unaudited)	101,250,000	30,375,000	72,302,503	(950,236)	202,977,267
Balance as at January 1, 2023 (Audited)	101,250,000	30,375,000	60,380,362	(1,623,258)	190,382,104
Net profit for the period	-	-	8,944,289	-	8,944,289
Balance as at March 31, 2023 (Unaudited)	101,250,000	30,375,000	69,324,651	(1,623,258)	199,326,393

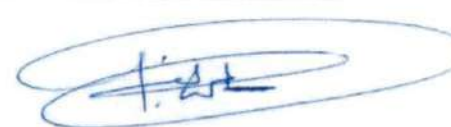
Finance Department



Chief Executive Officer



Chairman of BOD



- The accompanying notes from 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 three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended	
		March 31, 2023	March 31, 2022
		(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Profit before zakat for the period		10,104,289	10,051,512
Adjustments to non-cash transaction			
Depreciation of Property, plant and equipment		831,496	886,714
Depreciation of Right-of-use assets		41,330	41,330
Amortization of Intangible assets		171,352	171,352
Investment gain in fair value valuation		-	(43,424)
Impairment in value of trade receivables		-	2,739
Impairment in value of inventory		181,118	434,071
Employee defined benefit obligation expenses		300,000	300,000
Finance cost		179,548	292,383
		11,809,133	12,136,677
Changes in working capital			
Trade Receivables and other debit balances, net		(20,229,235)	(24,621,750)
Inventory		7,808,178	(7,506,483)
Trade payables and other credit balances		1,231,175	10,977,720
Due to related Parties		-	(5,286)
Finance cost paid		(147,424)	(258,906)
Net cash flows generated from changes in working capital		471,827	(9,278,028)
Zakat paid		-	(4,279,174)
Employee defined benefit obligation payment		(739,353)	(109,359)
Net cash flow used in operating activities		(267,526)	(13,666,561)
Cash flows from investing activities:			
Additions to property, plant and equipment		(82,218)	(220,206)
Purchase of investments at fair value		-	(2,500,000)
Proceeds from disposal of property, plant and equipment		-	4,444,018
Net cash flow (used in) / generated from investing activities		(82,218)	1,723,812
Cash flows from financing activities:			
Payments of banks credit facilities	9	(37,242,247)	(30,158,086)
Proceeds from banks credit facilities	9	30,303,296	34,544,307
Net cash flow (used in) / generated from financing activities		(6,938,951)	4,386,221
Net change in cash and cash equivalents		(7,288,695)	(7,556,528)
Cash and cash equivalents at the beginning of the period		46,553,703	35,720,926
Cash and cash equivalents at the end of the period	8	39,265,008	28,164,398
Non-cash transaction			
Impairment in value of inventory provision against inventory	6	(181,118)	(434,071)

Finance Department

Chief Executive Officer

Chairman of BOD

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

Baazeem Trading Company**(Saudi Joint Stock Company)****Notes to the Interim condensed consolidated financial statements****For the three-month period ended March 31, 2023****(All amounts are in Saudi Riyals unless otherwise stated)**

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.

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.

Baazeem Trading Company

(Saudi Joint Stock Company)

Notes to the Interim condensed consolidated financial statements

For the three-month period ended March 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

2- Group information

The accompanying interim condensed consolidated financial statements include the financial statements of the Company and the Subsidiary (Collectively referred to as the "Group") as at March 31, 2023.

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Shareholding % as at</u>	
		<u>March 31, 2023</u>	<u>December 31, 2022</u>
Baazeem Trading Establishment	Qatar	100%	100%

The investment in the subsidiary company mentioned above is registered in the name of one of the main shareholders (Chairman of the Board of Directors) starting from 2008, and the investment is approved in the minutes of the Board of Directors and the minutes of the company's Ordinary General Assembly.

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 Arabia and other standards pronouncements that are issued by Saudi organization for chartered and professional 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, 2022.

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.

Baazeem Trading Company

(Saudi Joint Stock Company)

Notes to the Interim condensed consolidated financial statements

For the three-month period ended March 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

**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 March 31, 2023. 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.

Baazeem Trading Company

(Saudi Joint Stock Company)

Notes to the Interim condensed consolidated financial statements

For the three-month period ended March 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

**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 annual consolidated financial statements for the fiscal year ended December 31, 2022.

Baazeem Trading Company
Saudi Joint Stock Company
Notes on Interim condensed consolidated financial statements
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

5- Financial assets at fair value through other comprehensive income

Company Name	Country of incorporation	Main activity	Percentage of ownership		Acquisition cost	March 31, 2023	December 31, 2022
			March 31, 2023	December 31, 2022		(Unaudited)	(Audited)
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 three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

6- Inventory

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Material and cleaning tools	42,268,203	50,464,554
Food stuff	14,609,735	12,143,391
Packing and packaging materials	929,676	1,471,748
Goods in transit	447,610	2,164,827
	58,255,224	66,244,520

The impairment in value of inventory movement is as follows:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Charges during the period / year	181,118	434,071
Used during the period / year	(181,118)	(434,071)
Balance at the end of the period / year	-	-

7- Trade Receivables and other debit balances, Net

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade Receivables	113,427,410	93,375,358
Zakat, Tax and customs Authority (Note 10)	6,538,580	6,538,580
Advanced to employees	1,858,489	1,626,036
Prepaid expenses and other debit balances	1,340,297	1,746,529
Advanced to suppliers	312,907	529,433
Miscellaneous debtors	933,841	366,353
	124,411,524	104,182,289
Impairment in value of trade receivables	(2,613,521)	(2,613,521)
Impairment in value of other debit balances	(1,000,000)	(1,000,000)
	120,798,003	100,568,768

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	2,613,521	3,039,830
Charges during the period / year	-	1,142,185
Used during the period / year	-	(1,568,494)
Balance at the end of the period / year	2,613,521	2,613,521

The impairment in value of other debit balances movement is as follows:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	1,000,000	-
Charges during the period / year	-	1,000,000
Balance at the end of the period / year	1,000,000	1,000,000

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

8- Cash and Cash equivalent

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Banks – current accounts	20,304,343	43,314,480
Term deposits *	15,000,000	-
Cheques – under collection	3,960,665	3,239,223
	39,265,008	46,553,703

* Term deposits represent short-term deposits which compatible with the provisions of Islamic Sharia in number of local banks with a value of 15 million Saudi riyals as at March 31, 2023.

9- Banks – Credit facilities:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Bank credit facilities for letters of credit	17,903,408	19,842,359
Short-term tawarruq	-	5,000,000
	17,903,408	24,842,359

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period\year	24,842,359	16,423,160
Proceeds during the year	30,303,296	152,809,442
Paid during the year	(37,242,247)	(144,390,243)
Balance at the end of the period\year	17,903,408	24,842,359

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:

The Zakat provision movement was as follows:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period\year	4,194,985	4,284,044
Proceeds during the year	1,160,000	4,190,115
Paid during the year	-	(4,279,174)
Balance at the end of the period\year	5,354,985	4,194,985

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.

10- Zakat status (continued):

Value Added Tax (VAT) (continued)

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 decision of the General Secretariat of Tax Committees was received, and the company filed an objection request against it on April 10, 2023. The request was registered with the General Secretariat of Tax Committees with No. 191863-2023-V. 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.

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 March 31, 2023 was calculated based on the weighted average number of shares held during the year with a number of 10,125,000 shares (December 31, 2022: 10,125,000 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.

	March 31, 2023	March 31, 2022
	(Unaudited)	(Unaudited)
Profit from operations	10,133,041	10,069,377
Profit before zakat for the period	10,104,289	10,051,512
Net profit for the period	8,944,289	8,891,512
weighted average number of shares	10,125,000	10,125,000
Basic and diluted earnings per share from profit from operations	1.00	0.99
Basic and diluted earnings per share from net profit for the period	0.88	0.88

Baazeem Trading Company
(Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

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, lease obligations, payable expenses and other credit balances, minus bank balances.

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Banks - credit facilities	17,903,408	24,842,359
Trade payables and other credit balances	19,277,052	18,045,876
Due to related parties	376,254	376,254
Lease obligations - current portion	127,099	125,685
Less: Cash and cash equivalents	(39,265,008)	(46,553,703)
Net debt	(1,581,195)	(3,163,529)
Total equity	199,326,393	190,382,104
Leverage rate	(0.79)%	(1.66)%

13- Fair Value of Financial instruments

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 the risk that other parties will not be able to meet their contractual obligations to the Company, which may result in a financial loss to the Company. The concentrations of potential credit risk include mainly trade receivables and short-term cash investments. Short term cash investments are deposited with banks having a high credit rating. The Company's Management believes that there are no concentrations of credit risk for which no adequate provision has been made as at the reporting date.

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.

14- Risk management (continued)

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- Subsequent events:

The Ordinary General Assembly approved at their meeting on May 2, 2023, to distribute cash dividends to the company's shareholders for the second half of the fiscal year 2022, with an amount of (SAR 11,137,500) distributed on the number of shares of 10,125,000 shares, 1.10 Saudi riyals per share, distribution ratio of nominal value is 11%.

16- Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 18, 2023 G, Shawwal 28, 1444 H.