BINDAWOOD HOLDING COMPANY PROSPECTUS

بن داود القابضة
BIN DAWOOD HOLDING

A joint stock company established under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G) pursuant to ministerial resolution no. Q/266, dated 12/08/1438H (corresponding to 8 May 2017G).

Offering of 22,860,000 Shares representing 20.0% of the Company›s share capital through a public offering at an Offer Price of SAR 96 per Share.

Offering Period: Three (3) days commencing on Sunday 09/02/1442H (corresponding to 27 September 2020G) and ending on Tuesday 11/02/1442H (corresponding to 29 September 2020G)

BinDawood Holding Company (hereinafter referred to as the "**Company**") is a joint stock company established under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G) pursuant to ministerial resolution no. Q/266, dated 12/08/1438H (corresponding to 8 May 2017G). The current share capital of the Company is one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000) divided into one hundred and fourteen million three hundred thousand (114,300,000) ordinary shares with a fully paid-up nominal value of SAR 10 per share (the "**Shares**" and each a "**Share**").

The Company was established as a limited liability company under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G) issued in Makkah, with a capital of fifty thousand Saudi Riyals (SAR 50,000) divided into five hundred (500) in-kind shares with a value of one hundred Saudi Riyals (SAR 100) each.

Pursuant to a 'resolution of the Shareholders (as defined in this Prospectus) dated 22/11/1436H (corresponding to 6 September 2015G), the Company's capital was increased to one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) fully paid-up shares with a nominal value of ten Saudi Riyals (SAR 10) each through the capitalization of nine hundred and fifty thousand Saudi Riyals (SAR 950,000) from the Shareholders' current account. Pursuant to a Shareholders' resolution dated 26/02/1437H (corresponding to 8 December 2015G), a purchase agreement was concluded between the shareholders of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing for the sale of all their shares to BinDawood Holding Company . In relation thereto, the Company acquired 100% of the share capital of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing (directly and indirectly). On 29/03/1437H (corresponding to 9 January 2016G), the Company's capital was increased from SAR 1,000,000 to SAR 530,000,000 divided into 53,000,000 fully paid-up shares with a value of SAR 10 per Share through the capitalization of SAR529,000,000 from the partners receivable account in the Company as at 31 December 2015G and according to the certificate issued by the chartered accountant. On 07/08/1438H (corresponding to 3 May 2017G), the Company was converted into a joint stock company, with a capital of SAR 530,000,000 divided into 53,000,000 ordinary shares with a nominal value of SAR 10 each. Pursuant to a Shareholders' resolution dated 8/04/1441H (corresponding to 5 December 2019G), the Company's share capital was increased to one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000) divided into one hundred and fourteen million three hundred thousand (114,300,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through (i) the capitalization of four hundred and eighty three million eight hundred and seventy nine thousand five hundred and thirty eight Saudi Riyals (SAR 483,879,538) from the retained earnings account, and (ii) the capitalization of one hundred and twenty nine million one hundred and twenty thousand four hundred and sixty two Saudi Riyals (SAR 129,120,462) from the statutory reserve account.

The initial public offering (the **"Offering"**) consists of the sale of twenty two million eight hundred and sixty thousand (22,860,000) Shares (the **"Offer Shares"**) which represent twenty percent (20.0%) of the issued share capital of the Company, with the total value of the Offering amounting to two billion one hundred and ninety four million five hundred and sixty thousand Saudi Riyals (SAR 2,194,560,000) with an offer price of ninety six Saudi Riyals (SAR 96) (the **"Offer Price"**).

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (as defined in the Prospectus) (collectively, the **"Participating Parties"** and each a **"Participating Party"**) (for further details, please refer to Section 1 (**"Definitions and Abbreviations"**)). The number of Offer Shares to be initially allocated to Participating Parties is 22,860,000 Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Bookrunners have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of 20,574,000 Offer Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Company and the Selling Shareholders (each as defined in Section 1 (**"Definitions and Abbreviations"**)), shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism.

Tranche (B): Individual Investors: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents (as defined in this Prospectus) (collectively, the "**Individual Investors**" and each an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million two hundred and eighty six thousand (2,286,000) Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. The Financial Advisors and the Lead Manager, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Financial Advisors and Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

The Offering will be made to certain Participating Parties who are based outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**").

The Shares have not been, and will not be, registered under the Securities Act or under any U.S. state securities laws. The Offer Shares being offered through this Prospectus may not be offered or sold within the United States. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful.

The Offer Shares are being sold by the shareholders whose names appear on page xiv (collectively, the **"Selling Shareholders"**) and who collectively own the entirety of the Shares before the Offering. Upon completion of the Offering, the Selling Shareholders shall own eighty percent (80.0%) of the Shares and will consequently retain a controlling interest in the Company. The proceeds from the Offering, after deduction of the offering expenses (the **"Net Proceeds from the Offering"**), will be distributed to the Selling Shareholders based on each Selling Shareholder's percentage ownership in the Offer Shares. The Company will not receive any part of the Net Proceeds from the Offering (for further details, please refer to Section 8 (**"Use of Proceeds"**)). The Offering is fully underwritten by the Underwriters (as defined in this Prospectus) (for further details, please refer to Section 13 (**"Underwriting"**)). The Company may not issue any Shares in the same class as those already listed for a period of six-months, and Substantial Shareholders who each own, as at the date of this Prospectus, 5.0% or more of the Shares currently in issue (the **"Substantial Shareholders"**), will be prohibited from disposing of their Shares during the 24-month period (the **"Lock-up Period"**, asapplicable), in each case starting from the commencement of trading of the Shares on the Saudi Stock Exchange (the **"Exchange"** or the **"Tadawul"**). Following the Lock-up Period (as applicable), the Substantial Shareholders will be free to dispose of their Shares. The Substantial Shareholders are Akasiya Star Trading Company Limited, Abdullah BinDawood Sons Company Limited and Commercial Growth Development Company. Details of their ownership percentages are set out in Table 1-2 *(Overview of Substantial Shareholders of the Company Pre- and Post-Offering)* in the Summary of the Offering at page xiv.

The Offering to Individual Investors will commence on Sunday 09/02/1442H (corresponding to 27 September 2020G) and end on Tuesday 11/02/1442H (corresponding to 29 September 2020G) for a period of three (3) days. Purchase of the Offer Shares by Individual Investors can be made through electronic channels offered by the receiving agents (the "**Receiving Agents**") listed on page xi during the Offering Period (for further details, please refer to Section 18 ("**Subscription Terms and Conditions**")). Participating Parties can subscribe for the Offer Shares through the Bookrunners (defined in Section 1 ("**Definitions and Abbreviations**")) during the bookbuilding process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed for is five hundred and seventy-one thousand five hundred (571,500) per Individual Investor. The minimum number of allocated shares will be ten (10) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds two hundred and twenty-eight thousand six hundred (228,600), the Company will not guarantee the minimum allocation of Offer Shares per Individual Investor, and the Offer Shares will be allocated equally between all Individual Investors. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agent. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by Thursday 13/02/1442H (corresponding to 1 October 2020G) (for further details, please refer to **"Key Dates and Subscription Procedures"** on page xix and Section 18 (**"Subscription Terms and Conditions"**)).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "**Shareholder**"), regardless of number of Shares held, has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared and paid by the Company from the date of this prospectus ("**Prospectus**") and for subsequent fiscal years (for more information, please refer to Section 12 ("**Legal Information**") and Section 7 ("**Dividend Distribution Policy**")). Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority (referred to as the "**CMA**") for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All relevant regulatory and corporate approvals required from the CMA and the Exchange to conduct the Offering have been granted, including approvals pertaining to the publication of this Prospectus and all supporting documents have been submitted to the CMA. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to "**Key Dates and Subscription Procedures**" on page xix).

Following the registration and listing of the Shares on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the GCC as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and Foreign Strategic Investors will be permitted to trade the Shares in accordance with the FSI Instructions (as defined in this Prospectus). Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to invest indirectly to acquire an economic benefit in the Shares by entering into Swap Agreements with Authorized Persons to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. It should be noted that the Authorized Persons will remain as legal owners of the Shares subject to the Swap Agreements.

An investment in the Offer Shares involves certain risks and uncertainties. For a discussion of certain factors to be considered in connection with an investment in the Offer Shares, please refer to "**Important Notice**" on page i and Section 2 ("**Risk Factors**"), which should be carefully considered prior to making a decision to invest in the Offer Shares.

Financial Advisors, Coordinators, Bookrunners and Underwriters

Goldman Sachs J.P.Morgan

Senior Bookrunner, Coordinator and Underwriter

GIB جي آي بي كابيتال CAPITAL

Lead Manager, Coordinator, Bookrunner and Lead Underwriter

الأهلي كابيتال NCB Capital

Receiving Banks

NCB الأهلي

Al Rajhi Bank مصرف الراجحي

This Prospectus includes information for the application for registration and offer of securities given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (referred to as the "**CMA**") and the application for listing securities in accordance with the requirements of the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page v collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Stock Exchange (Tadawul) do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purpose only. The Arabic Prospectus Published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

This Prospectus is dated 09/11/1441H (corresponding to 30/06/2020G).

Bin Dawood Holding

بن داود القابضة

IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, investors, whetherParticipating Parties or Individual Investors, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager, the Receiving Agents or by visiting the websites of the Company (www.bindawoodholding.com), the CMA (www.cma.org.sa), Tadawul (www.tadawul.com.sa), or the Financial Advisors (www.goldmansachs.com/worldwide/saudi-arabia/ and www.jpmorgansaudiarabia.com).

In respect to the Offering, the Company has appointed the following financial institutions as Financial Advisors, Coordinators, Lead Managers, Bookrunners, and Underwriters:

Financial Advisers	Goldman Sachs Saudi Arabia J.P. Morgan Saudi Arabia Company
Coordinators	Goldman Sachs Saudi Arabia J.P. Morgan Saudi Arabia Company GIB Capital NCB Capital Company
Lead Manager	NCB Capital Company
Bookrunners	Goldman Sachs Saudi Arabia J.P. Morgan Saudi Arabia Company GIB Capital NCB Capital Company
Senior Bookrunner	GIB Capital
Underwriters	Goldman Sachs Saudi Arabia J.P. Morgan Saudi Arabia Company GIB Capital NCB Capital Company
Lead Underwriter	NCB Capital Company

This Prospectus includes information provided in compliance with the OSCOs (as defined in Section 1 ("**Definitions and Abbreviations**")), in addition to the Listing Rules issued by Tadawul. The Directors, whose names appear on page v, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would render any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While none of the Company, the Financial Advisors, the Bookrunners, or any of the Company's other advisors whose names appear on pages viii, ix and x of this Prospectus (such advisors together with the Bookrunners, the **"Advisors"**), have any reason to believe that any of the market and industry information is materially inaccurate, none of the Company or any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 ("**Risk Factors**")). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (see Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Investors: this includes Saudi Arabian natural persons, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, in addition to non-Saudi natural persons who reside in the Kingdom and GCC nationals who are holders of a bank account and entitled to open an investment account with one of the Receiving Agents.

A subscription for the Offer Shares made by a person in the name of his divorced wife shall be deemed invalid, and the Individual Investor who filed the subscription shall be prosecuted. If any Subscriber subscribes for shares twice, the second subscription shall be considered void and only the first subscription will be considered.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offer Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The Offer Shares offered hereby are being offered outside the United States in offshore transactions incompliance with applicable securities laws.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors, certain other Foreign Investors pursuant to Swap Agreements and GCC Corporate Investors, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information in Section 3 ("**Market and Sector Overview**") is derived from the market study report dated 18 December 2019G prepared by Euromonitor International Ltd (the "**Market Research Consultant**") for the benefit of the Company in relation to the real estate and retail sector in the Kingdom (the "**Market Study**").

Subject to Section 3.1.2 ("**Forecasting Bases and Assumptions**") the Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Research Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, or the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Market Research Consultant was established in 1972G in London and has a wide range of clients, including leading companies, investment banks, governments and universities. The Market Research Consultant is a leading independent provider of strategic market research services. The head office in the United Kingdom, is located in 60-61 Brighton Street, London. For further information, please visit the website of the Market Research Consultant (www.euromonitor.com).

The Market Research Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company or its subsidiaries. As at the date of this Prospectus, the Market Research Consultant has given and not withdrawn its written consent for the use of its name, logo, the information, and market research supplied by it to the Company in the manner and format set out in this Prospectus.

FINANCIAL AND STATISTICAL INFORMATION

The following financial statements are attached to this Prospectus:

(i) The audited consolidated financial statements of the Company for the financial year ended 31 December 2017G (**"FY17G"**) together with the notes thereto, prepared in accordance with the accounting standards accepted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants (**"SOCPA"**) (**"Saudi GAAP"**) and audited by Ernst & Young & Co. (Certified Public Accountants) (**"EY"**) as stated in the report attached to this Prospectus.

(ii) The audited consolidated financial statements for the years ended 31 December 2018G (**"FY18G"**) (which include FY17G comparative financial information) and 31 December 2019G (**"FY19G"**), together with the notes thereto, in each case prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA (**"IFRS-KSA"**) and audited by EY as stated in their respective reports included herein.

The FY18G Financial Statements are the first consolidated financial statements of the Company prepared in accordance with IFRS-KSA.

The financial data for FY17G has been extracted from the comparative financial information presented in the Company's consolidated financial statements for FY18G prepared in accordance IFRS-KSA. The financial data for FY18G has been extracted from the comparative financial information presented in the Company's consolidated financial statements for FY19G.

The above financial statements are contained in Section 20 ("**Consolidated Financial Statements and Auditors' Reports**"). The Company publishes its consolidated financial statements in Saudi Riyals.

The Company uses certain measures to assess the operational and financial performance of its business that are unaudited supplemental measures that are not required by, or presented in accordance with, Saudi GAAP or IFRS-KSA. These non-GAAP financial measures include gross profit margin (based on financial statements), gross profit margin (as adjusted)[1], operating margin, net profit margin, gearing ratio, return on equity, return on assets, EBITDA, Adjusted EBITDA (as defined in this Prospectus), Adjusted EBITDA margin and funds from operations. Management uses such measures to measure operating performance and as a basis for strategic planning and forecasting. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-GAAP measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under Saudi GAAP or IFRS-KSA. For an explanation of how the Company calculates gross profit margin (based on financial statements), gross profit margin (as adjusted), operating margin, net profit margin, gearing ratio, return on equity, return on assets, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin and funds from operations, see the footnotes to the table of selected financial information included under **"Summary of Financial Information"**, below.

The financial and statistical information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof.

The Company is providing the financial information of its individual Subsidiaries in Section 6 for informational purposes, in accordance with the OSCOs. It should be noted that Management does not consider such financial information to be fully representative of the allocation of costs and expenses if each Subsidiary operated independently.

1 *Gross profit margin (as adjusted) - 2017G = [gross profit for the year of SAR 1,003.6 million + gandola income of SAR 545.6 million - shop rentals of SAR 12.9 million disclosed under gandola income in 2017G + early payment discount of SAR 9.3 million disclosed under other income in 2017G] / revenue for the year of SAR 4,766.3 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements)*

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

FORECASTS AND FORWARD-LOOKING DATA

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**")). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

- i- there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or
- ii- significant additional issues have arisen whose inclusion in this Prospectus would have been necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

CORPORATE DIRECTORY

The Company's Board of Directors:

Table (1): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Abdulrazzag Dawood BinDawood	Chairman of the Board	Saudi	Non-Executive	8 May 2017G	-	-	12.780%*	10.224%
2.	AbdulKhaliq Dawood BinDawood	Vice Chairman	Saudi	Executive	8 May 2017G	-	-	12.928%**	10.342%
3.	Khalid Dawood BinDawood	Managing Director	Saudi	Executive	8 May 2017G	-	-	13.102%***	10.482%
4.	Ahmad Abdulrazzag BinDawood	Director	Saudi	Executive	8 May 2017G	-	-	0.116%****	0.093%
5.	Tariq Abdullah BinDawood	Director	Saudi	Executive	8 May 2017G	-	-	0.861%*****	0.689%
6.	Walid Michel Majdalani	Director	Dutch	Non-Executive	8 May 2017G	-	-	-	-
7.	Abdulrahman Albarrak	Director	Saudi	Independent	12 February 2020G	-	-	-	-
8.	Iyad Mazhar Malas	Director	Lebanese	Independent	12 February 2020G	-	-	-	-
9.	Nitin Khanna	Director	Indian	Independent	14 March 2020G	-	-	-	-

Source: Company information.

** Abdulrazzag Dawood BinDawood owns an indirect shareholding of 12.780% before the Offering, consisting of the following: (1) ownership of 86% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (2) ownership of 2% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (3) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 15% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 86% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 2% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

*** AbdulKhaliq Dawood BinDawood owns an indirect shareholding of 12.928% before the Offering, consisting of the following: (1) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of* *the Company's Shares; (2) ownership of 91% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; (3) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 91% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

**** Khalid Dawood BinDawood owns an indirect shareholding of 13.102% before the Offering, consisting of the following: (1) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; (2) ownership of 2% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (3) ownership of 92.5 % in Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 92.5% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 2% in AbdulKhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

*****Ahmad Abdulrazzag BinDawood owns an indirect shareholding of 0.116% before the Offering, consisting of: (1) ownership of 1% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; and (2) ownership of 1% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

******Tariq Abdullah BinDawood owns an indirect shareholding of 0.861% before the Offering, consisting of the following: (1) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; and (2) ownership of 96.5% of Tariq Abdullah BinDawood and Partners Company Limited, which owns 0.442% of the shares of BinDawood Trading Company Limited, which owns 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares.*

The current Secretary of the Board of Directors is Hassan Javaid who does not hold any Shares in the Company.

THE COMPANY'S ADDRESS, REPRESENTATIVES AND BOARD OF DIRECTORS' SECRETARY:

Address

BinDawood Holding Company
Almadina Road
P.O. Box 51190
Jeddah 21543
Kingdom of Saudi Arabia
Unified Telephone: +966 92 0000031
Tel: +966 (12) 6580602
Fax: +966 (12) 6057859
Website: www.bindawoodholding.com
Email: info@bindawoodholding.com

Company Representatives

Ahmad Abdulrazzag BinDawood	**Muhammad Salim Patka**
Almadina Road	Almadina Road
P.O. Box 51190, Jeddah 21543	P.O. Box 51190, Jeddah 21543
Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Unified Telephone: +966 92 0000031	Unified Telephone: +966 92 0000031
Tel: +966 (12) 6580602 (Ext 102)	Tel: +966 (12) 6580602 (Ext 102)
Fax: +966 (12) 6057859	Fax: +966 (12) 6057859
Website: www.bindawoodholding.com	Website: www.bindawoodholding.com
Email: aard@danubeco.com	Email: salimpatka@bindawood.com

Board Secretary

Hassan Javaid
Almadina Road
P.O. Box 51190, Jeddah 21543
Kingdom of Saudi Arabia
Unified Telephone: +966 92 0000031
Tel: +966 (12) 6580602 (ext. 1604)
Fax: +966 (12) 6057859
Website: www.bindawoodholding.com
Email: hassan.javaid@danubeco.com

Stock Exchange

The Saudi Stock Exchange (Tadawul)
King Fahad Road - Olaya 6897
Unit No. 15
P.O. Box 60612, Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 92 000 1919
Fax: + 966 (11) 218 9133
Website: www.tadawul.com.sa
Email: csc@tadawul.com.sa

Coordinator, Financial Advisor, Bookrunner and Underwriter

Goldman Sachs Saudi Arabia
25 Floor, Kingdom Tower
P.O. Box 52969, Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 (11) 279 4800
Fax: +966 (11) 279 4807
Website: www.goldmansachs.com/worldwide/saudi-arabia/
Email: gssainfo@gs.com

Coordinator, Financial Advisor, Bookrunner and Underwriter

J.P. Morgan Saudi Arabia
Al Faisaliyah Center
King Fahd Road
P.O. Box 51907, Riyadh 11553
Kingdom of Saudi Arabia
Tel: +966 (11) 2993800
Fax: +966 (11) 2993840
Website: www.jpmorgansaudiarabia.com
Email: BinDawood_JPM_Syndicate@jpmorgan.com

Senior Bookrunner, Coordinator and Underwriter

GIB Capital
4th floor, Low Rise Building 1, Granada Business & Residential Park, Eastern Ring Road
P.O. Box 89589, Riyadh 11692
Kingdom of Saudi Arabia
Tel: +966 (11) 511 2200
Fax: +966 (11) 511 2201
Website: www.gibcapital.com
Email: customercare@gibcapital.com

Lead Manager, Coordinator, Bookrunner and Lead Underwriter

NCB Capital Company
Regional Building of the National Commercial Bank
Tower B
King Saud Road
NCB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (11) 874 7106
Fax: +966 (11) 406 0052
Website: www.alahlicapital.com
Email: ncbc.cm@alahlicapital.com

Legal Advisor to the Company
Abdulaziz Al Ajlan and Partners, lawyers and legal advisors Al Olayan Building, Tower 2, Floor 3 Al Ahsa Street, Al Malaz P.O. Box: 69103, Riyadh 11547 Kingdom of Saudi Arabia Tel: +966 (11) 265 8900 Fax: + 966 (11) 265 8999 Website: www.legal-advisors.com Email: legal.advisors@legal-advisors.com
Legal Advisor for the Offering outside the Kingdom
Baker & McKenzie LLP 100 New Bridge Street London EC4V 6JA, United Kingdom Tel: +44 20 7919 1000 Fax: +44 20 7919 1999 Website: www.bakermckenzie.com Email: legaladvisors@bakermckenzie.com
Legal Advisor to the Financial Advisors, Coordinators, Bookrunners and Underwriters
The Law Office of Megren M. Al-Shaalan The Business Gate Building No. 26, Zone C Airport Road P.O. Box 1080, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 (11) 416 7300 Fax: +966 (11) 416 7399 Website: www.alshaalanlaw.com Email: mas@alshalaanlaw.com
Legal Advisor to the Financial Advisors, Bookrunners and Underwriters for the Offering outside the Kingdom
White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom Tel: +44 20 7532 1000 Fax: +44 20 7532 1001 Website: www.whitecase.com

Financial Due Diligence Advisor
KPMG Al Fozan & Partners **Certified Public Accountants** Riyadh Front, Airport Road P.O. Box 92876 Riyadh 11663 Kingdom of Saudi Arabia Tel: + 966 (11) 874 8500 Fax: + 966 (11) 874 8600 Website: www.kpmg.com.sa Email: marketingsa@kpmg.com

Market Study Consultant
Euromonitor International Ltd 60-61 Brighton Street London EC1M 5UX United Kingdom Tel: +44 20 7251 8024 Fax: +44 20 7608 3149 Website: www.euromonitor.com Email: www.euromonitor.com

Independent Auditor
Ernst & Young & Co. (Certified Public Accountants) General Partnership Al Faisaliah Office Tower P.O. Box: 2732, Riyadh 11461 Kingdom of Saudi Arabia Tel: +966 (11) 273 4740 Fax: +966 (11) 273 4730 Website: www.ey.com Email: Riyadh@sa.ey.com

Note: All the above-mentioned Advisors and Independent Auditor have given and have not withdrawn their written consent, until the date hereof, to the publication of their names, logos and statements attributed to them in the context in which they appear in this Prospectus, and do not themselves, their employees, or any of their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries as at the date of this Prospectus.

Receiving Agents

National Commercial Bank King Abulaziz Road PO Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966 (12) 649 3333 Fax: +966 (12) 643 7426 Website: www.alahli.com Email: contactus@alahli.com	NCB الأهلي
Al Rajhi Bank Olaya Road PO Box: 28, Riyadh 11411 Kingdom of Saudi Arabia Tel.: +966 (11) 609 8888 Fax: +966 (11) 609 8881 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	Al Rajhi Bank مصرف الراجحي

Main Banks of the Company and its Subsidiaries

As at the date of this Prospectus, the Company and its Subsidiaries have commercial relations with the following banks:

National Commercial Bank
King Abulaziz Road
PO Box 3555, Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966 (12) 649 3333
Fax: +966 (12) 643 7426
Website: www.alahli.com
Email: contactus@alahli.com

Bank Aljazira
King Abdulaziz Road
P.O. Box 6277, Jeddah 21442
Kingdom of Saudi Arabia
Tel.: +966 92 000 6666
Fax: +966 (11) 431 5803
Website: www.baj.com.sa
Email: info@baj.com.sa

Banque Saudi Fransi
AlMathar Street
P.O. Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966 (11) 289 0000
Fax: +966 (11) 408 4631
Website: www.alfransi.com.sa
Email: communications@alfransi.com.sa

Gulf International Bank
Al-Kifah Tower
P.O. Box 39268
Dhahran 31942
Kingdom of Saudi Arabia
Tel.: +966 92 002 6336
Fax: +966 (13) 810 0607
Website: https://www.gib.com/
Email: corporatecommunications@gib.com

Al Rajhi Bank
Olaya Road
PO Box: 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 (11) 609 8888
Fax: +966 (11) 609 8881
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Arab National Bank King Faisal Street PO Box 9802, Riyadh 11423 Kingdom of Saudi Arabia Tel.: +966 (11) 402 9000 Fax: +966 (11) 404 7535 Website: www.anb.com.sa Email: info@anb.com.sa	
The Saudi British Bank Prince Abdulaziz Bin Musaed Bin Jalawi Street P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel.: +966 (11) 276 4779 Fax: +966 (11) 276 4356 Website: www.sabb.com Email: sabb@sabb.com	

SUMMARY OF THE OFFERING

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read all the information contained in this Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the "**Important Notice**" on page i and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in the Offer Shares.

Company Name, Description and Incorporation	BinDawood Holding Company, a joint stock company established under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G), pursuant to ministerial resolution no. Q/266, dated 12/08/1438H (corresponding to 8 May 2017G), with a capital of fifty thousand Saudi Riyals (SAR 50,000) divided into five hundred (500) Shares with a nominal value of one hundred Saudi Riyals (SAR100) each. Pursuant to a Shareholders' resolution dated 22/11/1436H (corresponding to 6 September 2015G), the Company's share capital was increased to one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share through the capitalization of nine hundred and fifty thousand Saudi Riyals (SAR 950,000) from the Shareholders' current account. Pursuant to a Shareholders' resolution dated 26/02/1437H (corresponding to 8 December 2015G), a purchase agreement was entered into between the shareholders of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing for the sale of all their shares to BinDawood Holding Company. In relation thereto, the Company acquired 100% of the capital of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing (directly and indirectly). On 29/03/1437H (corresponding to 9 January 2016G), the Company's share capital was increased from SAR 100,000,000 to SAR 530,000,000 divided into 53,000,000 fully paid-up Shares with a value of SAR 10 per Share through the capitalization of SAR 529,000,000 from the partners receivable account in the Company as at 31 december 2015G and according to the certificate issued by the chartered accountant. Pursuant to a Shareholders' resolution dated 8/04/1441H (corresponding to 5 December 2019G), the Company's share capital was increased to one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000) divided into one hundred and fourteen million three hundred thousand (114,300,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through (i) the capitalization of four hundred and eighty three million eight hundred and seventy nine thousand five hundred and thirty eight Saudi Riyals (SAR 483,879,538) from the retained earnings account, and (ii) the capitalization of one hundred and twenty nine million one hundred and twenty thousand four hundred and sixty two Saudi Riyals (SAR 129,120,462) from the statutory reserve account.
Company's Activities	In accordance with the Bylaws, the Company's activities consist of holding companies, i.e. assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the Subsidiaries.
Number of Shares held by Substantial Shareholders Pre- and Post-Offering	The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders.

Table (2): Overview of Substantial Shareholders of the Company Pre- and Post-Offering

Shareholder's Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Akasiya Star Trading Company Limited	96,543,495	965,434,950	84.465%	77,234,796	772,347,960	67.572%
Abdullah BinDawood Sons Company Limited	9,755,505	97,555,050	8.535%	7,804,404	78,044,040	6.828%
Commercial Growth Development Company	8,001,000	80,010,000	7.000%	6,400,800	64,008,000	5.600%
Public	-	-	-	22,860,000	228,600,000	20.000%
Total	**114,300,000**	**1,143,000,000**	**100.000%**	**114,300,000**	**1,143,000,000**	**100.000%**

Company's Capital (as at the date of this Prospectus)	SAR 1,143,000,000.
Total Number of Issued Shares (as at the date this Prospectus)	114,300,000 Shares.
Offering	Initial public offering of 22,860,000 Offer Shares, representing 20.0% of the Company's share capital, at an Offer Price of SAR 96 per Offer Share, with a fully paid nominal value of SAR 10 per Share.
Total Number of Offer Shares	22,860,000 fully paid Shares.
Nominal value per Share	Ten Saudi Riyals (SAR 10) per Share.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 20.0% of the Company's total Shares.
Offer Price	SAR 96 per Share.
Total value of Offer Shares	SAR 2,194,560,000
Use of Proceeds	The Net Proceeds from the Offering amounting to approximately SAR 2,119,560,000 (after deducting the Offering expenses estimated at SAR 75,000,000) will be distributed to the Selling Shareholders based on each Selling Shareholder's percentage ownership in the Offer Shares. The Company will not receive any part of the Net Proceeds from the Offering (for further details, please refer to Section 8 (**"Use of Proceeds"**)).
Number of Shares Underwritten	22,860,000 ordinary Shares.
Total Underwritten Offering Amount	SAR 2,194,560,000
Categories of Targeted Investors	Subscription for the Offer Shares is restricted to the following two groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is 22,860,000 Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Financial Advisors and the Leader Manager have the right to reduce the number of Shares allocated to Participating Parties to a minimum of 20,574,000 ordinary Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism. **Tranche (B): Individual Investors:** This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the relevant regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million two hundred and eighty six thousand (2,286,000) Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them. The Financial Advisors and Lead Manager, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Individual Investors.
Total Offer Shares available for each Targeted Investor Category	
Number of Shares offered to Participating Parties	22,860,000 ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, and the Participating Parties subscribe for all of the Shares allocated to them, the Financial Advisors and the Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to 20,574,000 Shares, representing 90% of the total Offer Shares.

Number of Shares offered to Individual Investors	A maximum of 2,286,000 Offer Shares, representing 10% of the total Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties registered in the Kingdom	Participating Parties registered in the Kingdom may submit Participating Parties Subscription Form or a Bid/Subscription Order during the Book-Building Period to be made available by the Bookrunners in accordance with the instructionsdescribed in Section 18 (**"Subscription Terms and Conditions"**). Participating Parties registered in the Kingdom must complete the Participating Parties Subscription Form after the allocation of Offer Shares based on the number of Offer Shares allocated to them.
Subscription Method for Participating Parties not registered in the Kingdom	Participating Parties not registered in the Kingdom may submit a Bid/Subscription Order to be part of the book-building process with the Bookrunners telephonically or electronically, without the need to complete and sign a Bid Form, in accordance with the instructions described in Section 18 (**"Subscription Terms and Conditions"**). Participating Parties not registered in the Kingdom must complete the Participating Parties Subscription Form after the allocation of Offer Shares based on the number of Offer Shares initially allocated to them.
Subscription method for Individual Investors	Retail Subscription Forms will be available during the Retail Offering Period at all Receiving Agents' branches. Retail Subscription Forms must be completed in accordance with the instructions described in Section 18 (**"Subscription Terms and Conditions"**). Individual Investors who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines (**"ATMs"**) of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied: (i) the Individual Investor must have a bank account at a Receiving Agent which offers such services, and (ii) there have been no changes in the personal information or data of the Individual Investor since such person's subscription to the last initial public offering.
Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors:	
Minimum Number of Offer Shares to be Applied for by Participating Parties	100,000 Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	10 Shares.
Minimum Subscription Amount by each Category of Targeted Investors:	
Minimum Subscription Amount for Participating Parties	SAR 9,600,000.
Minimum Subscription Amount for Individual Investors	SAR 960.
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors:	
Maximum Number of Offer Shares to be Applied for by Participating Parties	5,714,999 Shares.
Maximum Number of Offer Shares to be Applied for by Individual Investors	571,500 Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	SAR 548,639,904.
Maximum Subscription Amount for Individual Investors	SAR 54,864,000.

Allocation and Refund Method for each Category of Targeted Investors:	
Allocation of Offer Shares to Participating Parties	Final allocation of the Offer Shares to the Participating Parties will be made through the Lead Manager, as deemed appropriate by the Financial Advisors in coordination with the Company and the Selling Shareholders, using the discretionary allocation mechanism following subscription by Individual Investors. The number of Offer Shares to be initially allocated to Participating Parties is 22,860,000 Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Financial Advisors and Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to 20,574,000 Shares, representing 90% of the total Offer Shares, following subscription by Individual Investors.
Allocation of Offer Shares to Individual Investors	The allocation of the Offer Shares for Individual Investors will be completed no later than 13/02/1442H (corresponding to 1 October 2020G), noting that the minimum allocation per Individual Investor is ten (10) Offer Shares and the maximum allocation per Individual Investor is 571,500 Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor to the total number shares available for subscription. In the event that the number of Individual Investors exceeds two-hundred and twenty-eight thousand six-hundred (228,600), the Company will not guarantee the minimum allocation of Offer Shares per Individual Investor, and the allocation will be made as determined by the Financial Advisors and Lead Manager, in coordination with the Company and the Selling Shareholders.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the relevant Receiving Agent, as specified in the Retail Subscription Form. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by 13/02/1442H (corresponding to 1 October 2020G) (for further details, see **"Key Dates and Subscription Procedures"** on page xix).
Offering Period	The Offering will commence on Sunday 09/02/1442H (corresponding to 27 September 2020G) and end on Tuesday 11/02/1442H (corresponding to 29 September 2020G) and will remain open for a period of three (3) days. See the **"Key Dates and Subscription Procedures"** section on page xix for further information.
Distribution of Dividends	The Offer Shares will be entitled to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 (**"Dividend Distribution Policy"**)).
Voting Rights	The Company has one class of Shares (ordinary shares), which does not carry any preferential voting rights. Each Share entitles the holder to one vote at the General Assembly. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors to attend the General Assembly and vote on its behalf (for further details, see refer to Section 12.14 (**"Description of Shares"**).
Share Restrictions (Lock-up Period)	The Substantial Shareholders (whose ownership percentage details are set out in Table 2 *(Overview of Substantial Shareholders of the Company Pre- and Post-Offering)* page xiv) will be subject to the Lock-up Period of 24 months starting from the commencement of trading of the Shares on the Exchange, during which they shall be prohibited from disposing of their Shares. Following the Lock-up Period of 24 months, the Substantial Shareholders will be free to dispose of their Shares. In addition, the Company will be subject to a prohibition on issuing any Shares in the same class as those already listed for a six-month period starting from the commencement of trading of the Shares on the Exchange, during which it shall be prohibited from disposing of its Shares.
Listing of Shares	Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. An application has been made to the CMA for the registration and offering of the Shares in accordance with the OSCOs, and the Company has made an application to the Exchange to list its Shares in accordance with the Listing Rules. All relevant approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares (for further details, please refer to "**Key Dates and Subscription Procedures**" on page xix).
Risk Factors	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (i) risks related to the Company's operations; (ii) risks related to the Company's real estate; (iii) risks related to the market, industry and regulatory environment; and (iv) risks related to the Offer Shares. These risks are described in Section 2 ("**Risk Factors**") and should be considered carefully prior to making a decision to invest in the Offer Shares.

Offering Expenses	The Selling Shareholders shall be responsible for all expenses and costs associated with the Offering, which are estimated at around SAR 75,000,000. Such costs shall be deducted from the Offering proceeds, and include the fees of the Lead Manager, Financial Advisors, the Bookrunners, the Coordinators, the Underwriters and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other related expenses.
Coordinator, Financial Advisor, Bookrunner and Underwriter	**Goldman Sachs Saudi Arabia** 25 Floor, Kingdom Tower P.O. Box 52969 Riyadh 11573 Kingdom of Saudi Arabia Tel: +966 (11) 279 4800 Fax: +966 (11) 279 4807 Website: www.goldmansachs.com/worldwide/saudi-arabia/ Email: gssainfo@gs.com
Coordinator, Financial Advisor, Bookrunner and Underwriter	**J.P. Morgan Saudi Arabia** Al Faisaliyah Center King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 (11) 2993800 Fax: +966 (11) 2993840 Email: BinDawood_JPM_Syndicate@jpmorgan.com Website: www.jpmorgansaudiarabia.com
Senior Bookrunner, Coordinator and Underwriter	**GIB Capital** 4th floor, Low Rise Building 1, Granada Business & Residential Park, Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 (11) 511 2200 Fax: +966 (11) 511 2201 Website: www.gibcapital.com Email: customercare@gibcapital.com
Lead Manager, Coordinator, Bookrunner and Lead Underwriter	**NCB Capital Company** Regional Building of the National Commercial Bank Tower B King Saud Road NCB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 (11) 874 7106 Fax: +966 (12) 606 2693 Website: www.alahlicapital.com Email: ncbc.cm@alahlicapital.com

Note: the "*Important Notice*" on page i and Section 2 ("**Risk Factors**") should be considered carefully prior to making a decision to invest in the Offer Shares.

KEY DATES AND SUBSCRIPTION PROCEDURES

Table (3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Period	Starting from 25/01/1442H (corresponding to 13/09/2020G) and ending on 04/02/1442H (corresponding to 22/09/2020G).
Submission Period for Individual Investors	Starting from on 09/02/1442H (corresponding to 27/09/2020G) and ending on 11/02/1442H (corresponding to 29/09/2020G).
Deadline for submission of Bid Forms by Participating Parties based on the initial allocation of Offer Shares	05/02/1442H (corresponding to 23/09/2020G).
Deadline for submission of Retail Subscription Forms and payment of the subscription monies by Individual Investors	11/02/1442H (corresponding to 29/09/2020G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	11/02/1442H (corresponding to 29/09/2020G).
Announcement of final Offer Shares allotment	13/02/1442H (corresponding to 01/10/2020G).
Refund of excess subscription monies (if any)	13/02/1442H (corresponding to 01/10/2020G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Tadawul website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in national daily newspapers, on the Tadawul website (www.tadawul.com.sa), the Company's website (www.bindawoodholding.com) and the websites of the Financial Advisors (www.goldmansachs.com/worldwide/saudi-arabia/ and www.jpmorgansaudiarabia.com) and the website of the Lead Manager (www.alahlicapital.com).

How to Apply for Offer Shares

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: parties eligible to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 (**"Definitions and Abbreviations"**) and Section 18 (**"Subscription Terms and Conditions"**).

Tranche (B) Individual Investors: individual investors comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the relevant regulations shall be enforced against such person. If a duplicate subscription ismade, the second subscription will be considered void and only the first subscription will be accepted.

Participating Parties

Participating Parties can obtain the Participating Parties Subscription Forms from the Bookrunners during the Book-Building Period, and obtain the Participating Parties Subscription Form from the Bookrunners following the initial allocation. The Bookrunners shall, after the approval of the CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which shall also include the Individual Investors, according to the terms and conditions detailed in the Participating Parties Subscription Form. A signed Participating Parties Subscription Form shall be submitted to the Bookrunners, with such Participating Parties Subscription Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

Individual Investors

Retail Subscription Forms for Individual Investors will be available during the Offering Period on all Receiving Agents' websites offering such service. Individual Investors can subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to its customers, provided that the following requirements are satisfied:

- the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
- there have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since such person last participated in an initial public offering.

Each Individual Investor is required to fill out the Retail Subscription Form according to the instructions described in Section 18 (**"Subscription Terms and Conditions"**). Each Individual Investor must complete all the relevant sections in the Retail Subscription Form. The Company reserves the right to reject any Retail Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. If two Subscription Forms are submitted, the second shall be deemed void and only the first one shall be taken into consideration. The Retail Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Retail Subscription Form shall, upon submission, be considered to be a legally binding offer by the relevant investor to the Selling Shareholders.

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the relevant Receiving Agent. Excess subscription monies shall not be refunded in cash or to third party accounts.

For further details regarding subscription by Participating Parties and Individual Investors, please refer to Section 18 (**"Subscription Terms and Conditions"**).

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the **"Important Notice"** on page i and Section 2 (**"Risk Factors"**), respectively, prior to making any investment decision in relation to the Offer Shares.

Overview of BinDawood Holding Company

Overview of the Company and its Business Activities

The Company is one of the leading grocery retail operators of hypermarkets and supermarkets in Saudi Arabia, being the third largest by market share based on revenue for the year ended 31 December 2019G, according to the Market Study. Trading under the "BinDawood" and "Danube" brands, the principal activities of the Company's Stores comprise trading of FMCG, fresh Food Products and Non-Food Products, including household consumable items, as well as the ownership and management of in-store bakeries. As at the date of this Prospectus, the Company's operating portfolio comprises 73 Stores, which are located strategically throughout Saudi Arabia and appeal to different segments of consumers, including Hajj and Umrah visitors.

As at the date of this Prospectus, the Company's Stores had a total Selling Area of 364,475 square meters and a Total Area of 555,527 square meters. Between 2017G and 2019G, the Company's total Selling Area in square meters increased at a CAGR of 4.8% from approximately 319,000 square meters to approximately 350,000 square meters. In addition, over the same period, the number of Stores increased at a CAGR of 6.4% from 61 Stores by the end of 2017G to 69 Stores as at 31 December 2019G. The Company's Stores generated an average basket size (being the average value of purchases per customer for each Store visit) of SAR 104.3 for the financial year ended 31 December 2019G, up from an average basket size of SAR 91.4 in 2017G, representing a CAGR over this period of 6.9%. The Company generated total revenues of SAR 4,766.3 million, SAR 4,554.2 million and SAR 4,843.8 million for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively.

The Company operates one of the most popular grocery retailers in Saudi Arabia, having won the Most Admired Online Retailer, KSA, from the Retail Middle East Awards (April 2019G) and Most Admired F&B Retailer, KSA, from the Retail Middle East Awards (November 2018G). The Company also featured at number 25 and number 36 in the Top 50 private companies as listed by Forbes Middle East, 2019G and 2018G, respectively.

Management believes the Company deploys cutting-edge capabilities in store development, design, layout, management, marketing and in e-commerce. It was the first retail grocery operator in the Kingdom to offer online sales through the Danube App, a mobile phone application and online platform launched in 2017G, with the BinDawood App following in 2019G. As at the date of this Prospectus, the online platform sources its products for delivery from 31 of the Company's Stores. The Company intends to increase the number of Stores that support online shopping to 50 by the end of 2020G.

Supported by a highly experienced management team, the Company seeks to continuously attract customers to its Stores, which provide more than 140,000 SKUs from leading FMCG suppliers such as Almarai, Saudia Dairy & Foodstuff Company, Nestlé, Procter & Gamble, Unilever and Mondelēz International. The Company has strong relationships with 25 large, strategic Key Suppliers, each of which participates in a variety of the Company's promotional and marketing activities in its Stores. The Company's retail offering in its Stores is also diversified, with a full range of FMCG (including food merchandise products) and a comprehensive range of Non-Food Products (including homeware products and clothing). In addition, in most Stores, the Company operates in-house bakeries and in a number of Stores also provides in-store coffee shops, in each case operating under the "Danube" brand. Management believes this enhances the Company's overall retail offering, attracts customer traffic and maximizes returns on its Stores portfolio.

The Company's business model leverages growing consumer demand for high quality food products and household items in the Kingdom at competitive prices. In particular, Management recognizes that hypermarkets and supermarkets are of central importance to the retail sector in the Kingdom and believe that they will continue to be in the future. Management continues to seek opportunities and create new retail concepts across its Stores portfolio. The Company also seeks to create cutting-edge designs for each of its Stores with an optimal merchandise mix of fresh Food Products, FMCG, Non-Food Products and other retail offerings across its Stores. Management believes that the Company is the "go to" supermarkets operator in the Kingdom as it meets the needs of consumers. The Company's Stores are generally distinguished by the breadth of the SKUs, which sets them apart from other competing stores. Furthermore, most of its Stores provide high quality bakeries, self-checkout and high quality customer service.

The Company's Stores are strategically located across Saudi Arabia, including in Riyadh, Jeddah, Makkah, Madinah, Khobar, Dammam, Jizan and Abha. The Company's target market includes several categories of consumers including Hajj and Umrah visitors and other consumers, in the case of its BinDawood Stores, and consumers looking for a different and unique experience, in the case of its Danube Stores. Together this captures a broad portion of the Saudi retail market. In addition, the Company operates a chain of grocery Stores in the immediate vicinity of the Two Holy Mosques, giving it unparalleled access to increasingly large number of pilgrims who visit the Kingdom on an annual basis. As at the date of this Prospectus, the Company's Stores portfolio comprises 51 Hypermarkets and 22 Supermarkets, each of which is designed and positioned to optimize its appeal to the surrounding community.

Management believes that the Company provides potential investors with quality exposure linked to the largest grocery retail market in the Kingdom, the largest market among the GCC countries, with a Saudi market size of approximately SAR 137 billion in 2019G, according to the Market Study. In addition to being the largest grocery retail market in the GCC, the Saudi Arabian market benefits from a number of socio-economic factors that support growth in the retail sector. Saudi Arabia has a relatively young and growing population, with an average annual rate of 2.5% population growth from 2017G to 2019G and with 47.1% of the population under the age of 29 years old in 2019G, according to the Market Study. The Kingdom has also seen an increasing disposable income per capita at a CAGR of 1.8% in nominal terms from 2017G to 2019G, which is projected to increase at a CAGR of 3.5% from 2020G to 2024G, according the Market Study. Furthermore, a significant increase in the number of Hajj and Umrah visitors in Makkah and Madinah in the Western Region of the Kingdom (based on the Saudi government's plans to increase the number of religious visitors to 30 million by 2030G) is expected to further increase the addressable population.

The Company intends to roll-out new stores in line with its recent historical track-record and has three new store leases in place as part of its expansion strategy. As part of its expansion strategy, Management aims to preserve profitability of the Company when considering the feasibility of new locations, based on stringent site selection criteria.

Vision and Mission of the Company

Vision

The Company's vision is to be the best grocery retail brand in Saudi Arabia and a leader in this growing market sector. The Company aspires to be known by its customers and partners for its commitment to quality products, outstanding customer service and strong supplier relationships. The Company's people enable its success, and the Company always aims to recruit, train and retain the best available talent.

Mission

The Company is dedicated to offering an exceptional shopping experience. The Company strives to provide its customers with unmatched standards of quality, value, service and convenience. The Company continuously explores new market opportunities and aims to create value for all of its people and partners.

Competitive Advantages, Strengths and Strategies of the Company

Competitive Advantages and Strengths of the Company

Management believes the Company's principal competitive advantages and strengths are as follows:

- ***Access to a growing market supported by a stable macroeconomic backdrop, further complemented by KSA's Vision 2030***: with a total estimated GDP of SAR 3.0 trillion (2019G), KSA is the largest economy in the MENA region. KSA is also the largest grocery retail market in the GCC region, with a market size reaching approximately SAR 137 billion in 2019G, according to the Market Study.
- ***Differentiated and innovative grocery proposition in the market, covering a wide consumer spectrum in the Kingdom across the differentiated and widely recognized "BinDawood" and "Danube" brands***: the Company conducts its operations under two distinct and complementary brands, BinDawood and Danube, through which it has the ability to address customers across all socioeconomic groups. In addition, the Company's value proposition to

customers is focused on a number of key facets, including (among other things) premium products offerings, market-leading product assortments, fresh-oriented experience and pioneer of grocery digitization in the Kingdom of Saudi Arabia, largely aimed at providing a superior shopping experience, with superior quality in products and services.

- ***Store portfolio spread across the Kingdom and supported by a robust operational platform***: with 73 Stores as at the date of this Prospectus, the Company has a nation-wide presence in KSA which allows it to capture demand across the Kingdom. In particular, the Company has a stronghold in the Western Region of the Kingdom (capturing 13.2% of the market share in the Western Region in 2019G) on the back of being the operator of a retail chain in the immediate vicinity of the Holy Mosques. (For additional details about the spread of Company Stores throughout the Kingdom, please refer to Section 4.3.4 ("**Store Portfolio Spread across the Kingdom and Supported by a Robust Operational Platform**")).
- ***Strong relationships with Key Suppliers***: the Company has long-term relationships with its Key Suppliers, as well as its dedicated international agents who source selected international products not available in the KSA. The Company also benefits from a diverse local supplier base, with no single local supplier accounting for more than 6.0% of total gross purchases. Moreover, the Company deals with local and international suppliers to supply limited products bearing its own brand, which include Non-Food Products such as Hajj and Umrah supplies, gifts, stationery and furnishings.
- ***Winning Financial Profile and Solid Profitability***: the Company has consistently maintained its focus on delivering high quality growth. In 2017G it saw a revenue increase of 5.5% (as compared to 2016G). In 2018G, while revenue declined by -4.5% (as compared to 2017G) driven by specific managements decisions, such as the discontinuation of bulk and low margin electronic product sales, gross profit margin (as adjusted) increased from 32.4% in 2017G (gross profit margin (based on financial statements) was 21.1%) to 34.1% in 2018G. In 2019G (as compared to 2018G), it saw a revenue growth of 6.4% driven by positive LFL growth of 4.0% and two new Store openings, thereby reversing the temporary negative trend during 2018G which was impacted by: one-off macro events, through the Company's strategic decisions to exit the wholesale channel; discontinuation of low margin electronic sales; and the decision to buy goods from accredited suppliers only. Notwithstanding the Company's withdrawal from the wholesale market, the Company increased its basket size by focusing on high quality customers. This had a positive impact on margins due to increased focus on retail consumers as a result of the increase in the number of festivals[2]. The average basket size also improved due to opportunities identified through female empowerment and an increase in employment of local nationals (which increased the purchasing power of families), and had a positive impact on margins. According to the Market Study, the Company's market share increased from 7.6% in 2016G to 8.7% in 2019G in the retail food and non-food retail grocery market in the Kingdom.
- ***Multiple Tangible Growth Levers for Sustained Future Growth***: the Company has a well-defined multi-pronged growth strategy. Key drivers of its future growth include: (i) improving performance of its existing matured Stores; (ii) achieving full potential for the recently opened Stores; (iii) focus on a unique and distinguished shopping experience; (iv) continuous future store expansion; and (v) strengthening its online platform.
- ***Founding Family-Led Experienced Management Team and Knowledgeable Shareholder Base***: the Company has a highly experienced management team with extensive experience in the grocery retail industry and includes members of the founding family who continue to ensure a family-led culture.

2 *The Company organizes a number of events and celebrations within the Stores operating under its two brands. The Company currently holds more than 40 festivals around different occasions and topics (such as returning to school, chocolate and coffee), and events related to foreign cultures or international cuisines. An example of this is the Italian Food Festival, which was hosted at Red Sea Mall in Jeddah in November 2019G in cooperation with the Italian Consulate and His Excellency the Italian Consul General Stefano Stucci. The Company also hosted the "Coffee Festival" from 6 to 19 February 2019G in all Danube Stores. The event included coffee tasting and sampling, promotion of coffee, various activities based on customer response and direct offers of in-Store products (for more information about festivals, please refer to Section 4.3.2.2 ("***Unique Customer Proposition and Experience***"))*.

The Company's Strategies

The Company's principal strategies to grow its business comprise the following:

- ***Initiatives to drive like-for-like growth in existing Stores***: the Company will continue to drive initiatives to enhance sales levels in the Stores, focusing on enhancing the in-Store shopping experience for its customers, thereby increasing average basket size. To this end, the Company plans to continue implementing promotional initiatives, including seasonal and festive events in their Stores and considering adoption of the latest technology to improve the supply chain efficiency.
- ***Incremental measures for recently opened Stores***: the Company will continue its granular focus on driving the sales ramp-up, in case of recently opened Stores, and recovery, in case of certain Stores which might have been negatively impacted by one-off adversities (such as construction work) through targeted marketing and promotion initiatives.
- ***Expansion of Store network***: the Company plans to implement a national store rollout plan to consolidate its position in the Western, Central and Eastern regions of the KSA. The Company will leverage the strategic flexibility of its dual brand and format model to grow the network of both BinDawood and Danube Stores.
- ***Growth of Online channel***: in conjunction with its efforts on the Store network, the Company aims to continue to strategically build an incremental online sales channel through www.danube.sa and the Danube App and BinDawood App, and thereby maintain its strong positioning as the pioneer of grocery digitization in KSA. The Company intends to increase the number of Stores that support online shopping to 50 by the end of 2020G.
- ***Maintain focus on cash flow generation and cost-efficient approach to operations***: the Company plans to continue efficiently managing its operating expenses at the Store level and the central level, including introducing the latest technology and digitization measures as appropriate for the business.

Corporate Overview of the Company and Evolution of its Capital

The Company's business operations commenced in 1984G under the name of BinDawood Shopping Center (owned by Khaled Dawood Ibrahim BinDawood). BinDawood Shopping Center was converted to a limited liability company in 2000G, under the name of BinDawood Superstores Company. The shareholders in BinDawood Superstores Company were Abdullah Dawood Ibrahim BinDawood (18.38%), Abdulrazzag Dawood Ibrahim BinDawood (26.47%), Abdul Khaliq Ibrahim BinDawood (18.38%), Sulaiman Dawood Ibrahim BinDawood (18.38%), and Khalid Dawood Ibrahim BinDawood (18.38%). In 2015G, the shareholders in BinDawood Superstores Company sold the entirety of their shares (representing 100% of BinDawood Superstores Company directly and indirectly) to BDH for a total amount equal to the net asset value of BinDawood Superstores Company. In return, BDH issued shares in favor of the shareholders transferring their shares in BinDawood Superstores Company (for more details about the Company's Subsidiaries ownership, please refer to Table 4-9 **"Summary of Key Information of the Company's Subsidiaries".**

The first Store of the Company was opened in Makkah under the "BinDawood" brand in 1984G. Following the success of its first Store, the Company opened further Stores and continued the expansion of its Supermarket network in the Western Region. BinDawood Superstores Company opened further Stores in Makkah and Jeddah in the early 1990Gs and by 2000G BinDawood Superstores Company had expanded to operate eight Stores under the "BinDawood" brand across the Western Region.

In 2001G, BinDawood Superstores Company acquired a 72% equity stake in Danube Co. Ltd, which at the time operated four Stores in the Western Region, and acquired the remaining equity stake in Danube Co. Ltd in 2011G, which became Danube, a wholly owned Subsidiary of BinDawood Superstores Company. BinDawood Superstores Company entered the premium segment of the retail grocery market in the Kingdom with the strategic acquisition of Danube Co. Ltd. Danube Co. Ltd. opened further Stores across the Kingdom, with its first Store in Riyadh marking the expansion of its business to the Central Region.

BinDawood Holding Company was established under the name BinDawood Medical Company, a limited liability company registered in the commercial register in the city of Makkah, Saudi Arabia, under commercial registration certificate number 4031063470, dated 16/08/1432H (corresponding to 17 July 2011G). The objective of establishing

BinDawood Holding Company was to own and manage its subsidiaries, whose ownership was transferred thereto in 2016G. Its Head Office is located as stated in the commercial registry at Al-Aziziya, Main Street, Makkah Al-Mukarramah, and its actual headquarters are located at Madinah Road, in Jeddah, P.O. 51190, Postal Code 21543, Kingdom of Saudi Arabia The activities of the Company upon establishment consisted of: retail and wholesale of pharmaceuticals, cosmetics, baby foods and supplies; chemical and medical laboratory supplies and hospital supplies; and building, management and maintenance of hospitals. The Company was established with a capital of SAR 50,000 divided into 500 shares with a nominal value of SAR 100 each. The shares were distributed among the Shareholders and the capital was fully paid.

On 02/01/1437H (corresponding to 15 October 2015G), Abdullah Ali Hasan Baker, a former individual shareholder of the Company, transferred the entirety of his then existing holding of shares in the Company to new shareholders in the Company who are family members of AbdulKhaliq Dawood BinDawood. Additionally, the Company's name was changed to BinDawood Holding Company (limited liability company), and its share capital was increased from SAR 50,000 to SAR 1,000,000 divided into 100,000 fully paid-up shares of SAR 10 each through the capitalization of the Shareholders' current account.

On 26/02/1437H (corresponding to 8 December 2015), a purchase agreement was entered into between the shareholders of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing for the sale of all their shares to BinDawood Holding Company. In relation thereto, the Company acquired 100% of the capital of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing (directly and indirectly). On 29/03/1437H (corresponding to 9 January 2016G), the Company's share capital was increased from SAR 1,000,000 to SAR 530,000,000 divided into 53,000,000 fully paid-up Shares with a value of SAR 10 per Share through the capitalization of SAR 529,000,000 from the partners receivable account in the Company as at 31 December 2015G and according to the certificate issued by the chartered accountant. At the same time Dawood Ibrahim BinDawood Sons Company Limited became a shareholder in the Company as a result of existing shareholders allocating 44,766,450 of the Shares issued as a result of the aforementioned capital increase to Dawood Ibrahim BinDawood Sons Company Limited. Additionally, the Company amended its activities as follows: trade, transportation, warehousing, and refrigeration, agriculture, building and construction, financial and other services, social services, information technology, security services, mining and oil, manufacturing industries, electricity and gas.

On 08/04/1437H (corresponding to 18 January 2016G), Abdullah BinDawood Sons Company Limited transferred 340,260 Shares in the Company to Commercial Growth Development Company. In addition, Abdulrazzag Dawood BinDawood, Abdul Khaliq Dawood BinDawood, Khalid Dawood BinDawood, Sulaiman Dawood BinDawood, Hajar Dawood BinDawood, Asma Dawood BinDawood, Sarah Dawood BinDawood, Ismail Abdulmajed Hussain, Dawood Ismail BinDawood, Amna Ismail BinDawood, Fatima Ismail BinDawood, then existing shareholders in the Company, transferred the entirety of their respective Shares in the Company (amounting to a total of 3,369,740 Shares) to Commercial Growth Development Company.

On 19/05/1437H (corresponding to 23 February 2016G), Dawood Ibrahim BinDawood and Sons Company Limited changed its name to Akasiya Star Trading Company Limited.

On 07/08/1438H (corresponding to 3 May 2017G), the Company was converted into a joint stock company, with a capital of SAR 530,000,000 divided into 53,000,000 ordinary Shares paid-up in full, with a nominal value of SAR 10 per Share.

On 08/04/1441H (corresponding to 05/12/2019G), the Company's capital was increased to one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000) divided into one hundred and fourteen million three hundred thousand (114,300,000) Shares paid-up in full, with a nominal value of ten Saudi Riyals (SAR 10) per Share through the capitalization of four hundred and eighty three million eight hundred and seventy nine thousand five hundred and thirty eight Saudi Riyals (SAR 483,879,538) from the retained earnings account, and the capitalization of one hundred and twenty nine million one hundred and twenty thousand four hundred and sixty two Saudi Riyals (SAR 129,120,462) from the statutory reserve account.

Key Developments of the Company since Establishment

The following table shows the Company's key developments since establishment and up to the date of this Prospectus.

Table (4): Key developments since the Company's establishment:

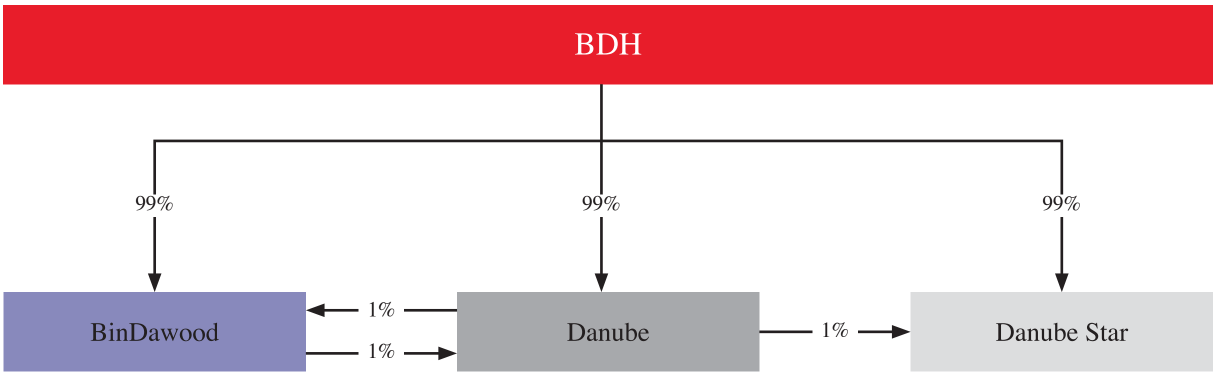
Year	Event/Development
1984G	First BinDawood Store opens in Makkah in the Western Region of Saudi Arabia.
2000G	Expands geographical presence to operate eight Stores under the "BinDawood" brand across Saudi Arabia.
2001G	Acquires a 72.0% stake in Saudi Arabian supermarket chain Danube Co. Ltd.
2007G	Danube opened its first store in Riyadh marking the expansion of the Company's business to the Central Region of the Kingdom.
2011G	BinDawood Holding Company was established under the name BinDawood Medical Company, a limited liability company, with a share capital of SAR 50,000 Acquires remaining shareholding in Danube Co. Ltd., increasing BinDawood Superstores Company's shareholding to 100%.
2012G	Danube opened its first Store in the Eastern Region of the Kingdom, making the Company a national player.
2015G	All shareholders in Danube Company for Foodstuffs and Commodities, BinDawood Superstores Company, and Danube Star for Bakeries and Marketing sold the entirety of their respective requity stakes (representing 100% of each of these companies directly and indirectly) to BDH for a total amount of SAR 529,000,000, corresponding to the net asset value of these companies. On 29/3/1437H (corresponding to 09/01/2016G), BDH issued 52,900,000 shares with a nominal value of SAR 10 per share, and a total value of SAR 529,000,000, in favor of the shareholders transferring their shares in Danube Company for Foodstuffs and Commodities, BinDawood Superstores Company, Danube Star for Bakeries and Marketing to BDH.
2016G	Through Commercial Growth Development Company Limited, Investcorp acquires a 7.0% minority equity stake in the Issuer.
2017G	13 new Stores opened, being the year with the highest number of opened Stores and increasing the total number of Stores to 61.
2017G	Launch of the Danube online platform (Danube App and www.danube.sa).
2018G	The Company won the Retail Middle East Awards' preferred food and beverage retailer in the Kingdom of Saudi Arabia. Ranked 36th in Forbes Top 50 Private Companies in the Arab World, 2018G.
2019G	Ranked 25th in Forbes Top 50 Private Companies in the Arab World, 2019G.
2019G	Total number of Stores reaches 69.
2019G	Launch of the BinDawood App.
2019G	Danube Online wins Industry Excellence Award Food & Beverage at the Saudi Top Achiever Awards in March 2019G.
2020G (to date)	Total number of Stores reaches 73 (as at date of this Prospectus).

Source: Company information.

Overview of the Structure of the Company and its Subsidiaries

The following structure chart provides a diagrammatic overview of the Company and its Subsidiaries as at the date of this Prospectus.

Figure (1-5): Company structure chart as at the date of this Prospectus



The following table summarizes the ownership structure of Company's Subsidiaries as at the date of this Prospectus:

Table (5): Summary of key information of the Company's Subsidiaries

No.	Subsidiary	CR Number	Capital (SAR)	Company's Direct Ownership	Company's Indirect Ownership
1.	BinDawood Superstores Company	4031063164	10,880,000	99%	1%
2.	Danube Company for Foodstuffs and Commodities	4030093169	2,500,000	99%	1%
3.	Danube Star for Bakery and Marketing	4030086333	1,500,000	99%	1%

Source: Company information.

The following table summarizes the ownership structure of the Company pre- and post-Offering:

Table (6): Direct Ownership of the Company Pre- and Post-Offering

Shareholder's Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	%	No. of Shares	Par Value (SAR)	%
Akasiya Star Trading Company Limited	96,543,495	965,434,950	84.465%	77,234,796	772,347,960	67.572%
Abdullah BinDawood Sons Company Limited	9,755,505	97,555,050	8.535%	7,804,404	78,044,040	6.828%
Commercial Growth Development Company	8,001,000	80,010,000	7.000%	6,400,800	64,008,000	5.600%
Public	-	-	-	22,860,000	228,600,000	20.000%
Total	**114,300,000**	**1,143,000,000**	**100.000%**	**114,300,000**	**1,143,000,000**	**100.000%**

Source: Company information.

MARKET AND SECTOR OVERVIEW

The Saudi Arabian grocery-retailing sector is set to benefit from an outlook of continued expansion of the Saudi economy, a young and fast-growing population, and government investments on infrastructure and tourism

Following a 0.7% decline in real terms in 2017G due to the impact of one-off factors like expatriate levies and exodus, government fiscal reforms, and a steep decline in global oil prices, Saudi Arabia's real GDP grew by 2.2% and 1.1% in 2018G and 2019G respectively and it is anticipated to record an average CAGR of 2.2% during the forecast period 2020G-2024G. Continued structural reforms seeking economic diversification and greater private sector investment, increasing female participation in the labor force; and considerable investments planned as part of the Saudi Vision 2030 program will be amongst the main drivers of the country's economic growth during this period. These will in turn keep supporting a continued rise in Saudi Arabia's per capita disposable income levels (expected to rise at a CAGR of 3.5% over 2020G-2024G to reach SAR 39,560 by 2024G) as well as an expansion in the number of affluent households (set to increase from 1.1 million in 2019G to 1.7 million in 2024G). These factors, coupled with the benefits from Saudi Arabia's demographic profile (provided by the country's young and fast-growing population) sustained urbanization and government efforts to boost the tourism industry, provide positive prospects for the Saudi grocery retailing sector over the forecast period 2020G-2024G.

Modern grocery retailing formats are continuously gaining ground against their traditional counterparts in the fast-growing Middle East and Africa region

During the period 2017G-2019G, the Middle East and Africa registered the strongest expansion in grocery retailing market across regions at a global level, at a CAGR of 5.3% in nominal terms. As the largest economy in the Middle East and Africa region and the biggest consumer market amongst GCC countries, Saudi Arabia is well placed to take advantage of the positive regional context for spending on food and beverages. In particular, regional trends like the rising penetration of modern grocery retailing formats (whose value share out of total grocery retailing in the Middle East and Africa has risen from 23.4% in 2004G to 29.7% in 2019G); increasing urbanization; and changing consumer preferences (where shoppers increasingly value the convenience, wide product variety and discounts offered by modern grocery retailers) are also observed in Saudi Arabia, offering a favorable outlook for the development of modern grocery retailing formats in the country.

Saudi Arabia's increasing levels of per capita disposable income, high urbanization rates and evolving consumer attitudes are expected to keep supporting the increasing predominance of modern grocery retail formats

The Saudi grocery retailing market decreased from SAR 146 billion in 2017G to SAR 137 billion in 2019G, due to the impact of one-off events like higher labor costs due to the Saudization of the labor force, the introduction of VAT since January 2018G, and low oil prices. Nevertheless, the country's grocery retailing market is anticipated to recover, growing at a CAGR of 2.3% in nominal terms over the forecast period 2020G-2024G, in line with the expected performance of the Saudi economy over this timeframe. Modern grocery retailing formats are set to continue gaining ground against their traditional counterparts (with their share of total grocery retail sales projected to rise from 41.0% in 2019G to 48.0% in 2024G), on the back of factors like Saudi Arabia's increasing levels of per capita disposable income, high urbanization rates and evolving attitudes towards grocery shopping from Saudi consumers, who increasingly value the higher product quality and variety, enjoyable shopping environment, and convenience offered by modern grocery retailing formats. This trend is expected to see the continued expansion of supermarkets/hypermarkets (which account for a combined 88.3% of modern grocery retail sales in the country in 2019G), as well as support the development of online grocery retailing in Saudi Arabia.

The Western Region is anticipated to register the largest expansion in modern grocery retailing market in absolute terms across Saudi regions during the period 2020G-2024G

The Central and Western Regions are the largest modern grocery retailing markets in Saudi Arabia, accounting for 37.1% and 30.3% of the country's total market, respectively in 2019G. These are followed in order of importance by the Eastern region (with a share of 18.2% in 2019G), the Southern region (9.9% in 2019G) and the Northern region (4.5% in 2019G). Over the forecast period 2020G-2024G, the Western region is set to register the fastest growth in terms of modern grocery retailing market in absolute terms, expanding by SAR 5.0 billion over that timeframe. This will be driven by factors such as expected investment on projects like NEOM, King Abdullah Economic City, Knowledge Economic City and the Red Sea Tourism Project; government plans to increase religious tourism by about fourfold over 2017G-2030G; and comparatively stronger gains of disposable income levels for the Western Region. As a result, the value share of total modern grocery retail market of the Western Region is set to rise from 30.3% in 2019G to 31.6% in 2024G.

BinDawood Holding is one of the leaders in the country's modern grocery retailing sector, with the company's strategic, technological and market position providing positive growth prospects over the period 2020G-2024G

The Company is one of the leading companies in the Saudi modern grocery retailing market, with a total market share estimated at 8.7% in 2019G (up from 7.6% in 2016G). The competitive positioning of the Company covers all demographic groups, including the high-end of the modern grocery food and non-food retailing market in terms of income (through its Danube trademark) and the mid-market segment (through its BinDawood trademark). The Danube brand caters to the premium segment of consumers (retail stores targeting high income earners), enjoying strong brand recognition due to its high quality groceries (including imported products, superfoods and organic produce), carefully designed in-store experience, and initiatives to generate customer engagement (e.g. food festivals). In the case of the BinDawood brand, it enjoys a very strong position in the Western Region, especially in Makkah and Madinah and the surrounding area, where it has a competitive advantage due to its high brand awareness, logistics capabilities, and customized regional product mix. The solid position of both the Company's brands in their respective market segments, coupled with the Company's focus on technology and sound strategic direction (based on continuous expansion), provide a solid foundation for the Company to consolidate its place amongst the leaders of the Saudi modern grocery retailing market.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with the Company's audited consolidated financial statements for the financial years ended on 31 December 2018G and 31 December 2019G, and notes thereto, which were prepared in accordance with IFRS-KSA, and in addition to the information contained in **"Financial and Statistical Information"** above. Such audited consolidated financial statements and notes thereto are each included in Section 20 (**"Consolidated Financial Statements and Auditors' Reports"**).

The consolidated financial information for the financial year ended 31 December 2017G was extracted from the comparative financial information presented in the Company's consolidated financial statements for the financial year ended 31 December 2018G. The consolidated financial information for the financial year ended 31 December 2018G was extracted from the comparative financial information presented in the Company's consolidated financial statements for the financial year ended 31 December 2019G.

SAR (in millions)	FY17G[(1)]	FY18G[(1)]	FY19G
Consolidated Statement of Profit or Loss Data			
Revenue	4,766.3	4,554.2	4,843.8
Cost of revenue	(3,762.7) [(2)]	(3,001.3) [(2)]	(3,199.2) [(2)]
Gross profit	**1,003.6**	**1,552.9**	**1,644.5**
Selling and distribution expenses	(996.0)	(1,047.2)	(1,006.8)
General and administration expenses	(150.5)	(127.0)	(130.9)
Other operating income [(2)]	0.0 [(2)]	13.0 [(2)]	11.4 [(2)]
Gandola income [(3)]	545.6 [(2)]	- [(2)]	- [(2)]
Operating profit	**402.7**	**391.6**	**518.3**
Other income	14.4 [(2)]	6.6 [(2)]	7.9 [(2)]
Finance cost on lease liabilities	0.0	0.0	(95.8)
Profit for the year before Zakat	417.1	398.3	430.3
Zakat charge	(2.8)	(0.4)	(11.2)
Net profit for the year	414.3	397.8	419.1
Consolidated Statement of Financial Position Data			
Total current assets	999.8	1,138.5	1,446.2
Total non-current assets	1,078.4	1,065.7	3,297.4
Total assets	**2,078.2**	**2,204.2**	**4,743.6**
Total current liabilities	1,179.3	1,109.5	1,167.9
Total non-current liabilities	75.6	80.2	2,389.3
Total liabilities	**1,254.9**	**1,189.7**	**3,557.2**
Total equity	823.3	1,014.4	1,186.4
Total liabilities and equity	**2,078.2**	**2,204.2**	**4,743.6**
Consolidated Statement of Cash Flow Data			
Net cash from operating activities	644.9	381.4	678.1
Net cash used in investing activities	(352.0)	(143.1)	(35.6)
Net cash used in financing activities	(286.9)	(210.0)	(550.4)
Key Financial and Performance Indicators			
Number of stores by store type:			
Hypermarkets	43	46	48
Supermarkets	18	21	21
Number of Stores by Subsidiary			
BinDawood	24	26	27
Danube	37	41	42
Total	**61**	**67**	**69**
Total selling area (m^2)	319,456	341,306	350,873
Number of receipts (in thousands)	52,173	50,604	46,436
Average basket size (SAR)	91.4	90.0	104.3
Gross profit margin (based on financial statements) [(4)]	21.1%	34.1%	34.0%
Gross profit margin (as adjusted) [(5)]	32.4%	34.1%	34.0%
Operating margin[(6)]	8.4%	8.6%	10.7%
Net profit margin[(7)]	8.7%	8.7%	8.7%
Gearing ratio[(8)]	0.0%	0.0%	0.0%

SAR (in millions)	FY17G[1]	FY18G[1]	FY19G
Return on equity[9]	55.6%	43.3%	38.1%
Return on assets[10]	21.7%	18.6%	12.1%
Adjusted EBITDA[11]	562.6 [12]	549.2[12]	941.2
Adjusted EBITDA margin[13]	11.8%[12]	12.1%[12]	19.4%
Funds from operations[14]	554.3	520.7	769.6

The following table shows how the Company reconciles its net profit for the year to Adjusted EBITDA:

SAR (in millions)	FY17G	FY18G	FY19G
Net profit for the year	414.3	397.8	419.1
Zakat charge	2.8	0.4	11.2
Finance cost on lease liabilities	0.0	0.0	95.8
Depreciation	149.2	155.5	160.1
Depreciation - right of use asset	0.0	0.0	259.6
Amortization of intangible assets	0.6	0.0	0.4
EBITDA[15]	566.9	553.7	946.2
Other non-core income[16]	(4.3)	(4.5)	(5.0)
Adjusted EBITDA	**562.6[12]**	**549.2[12]**	**941.2**

(1) The financial data of FY17G is extracted from the financial statements of FY18G and the financial data of FY18G is extracted from the financial statements of FY19G.

(2) The Company, in order to record the gandola-related transactions with its suppliers, in line with the requirements of IFRS 15, has adjusted gandola income (excluding shop rentals, disclosing them as other operating income) against cost of revenue by reclassifying it from a separate line item in the consolidated statement of profit or loss in FY19G. Further, the Company has also adjusted early payment discounts and foreign currency fluctuations against cost of revenue by reclassifying it from 'other income' in FY19G. These changes are reflected in the financial data for FY18G in the table above, which was extracted from the financial statements of FY19G). No such adjustments have been made to the FY17G numbers. If reclassified to reflect FY17G gandola income (excluding shop rentals) of SAR 532.7 million in addition to early payment discount of SAR 9.3 million and foreign currency fluctuations of SAR 0.0 million (reclassified from other income as reflected in FY19G and FY18G), FY17G cost of revenue would have been SAR 3,220.7 million and FY17G other operating income would have been SAR 12.9 million.

(3) Gandola income represents incentives generated from the different forms of fees which are charged to vendors including shelf space rentals, floor space rentals and new branch opening fees.

(4) Gross profit margin (based on financial statements) is defined as gross profit divided by revenue, expressed as a percentage. FY17G is not comparable to FY18G and FY19G due to the reclassifications in the FY19G financial statements.

(5) Gross profit margin (as adjusted) - 2017G = [gross profit for the year of SAR 1,003.6 million + gandola income of SAR 545.6 million - shop rentals of SAR 12.9 million disclosed under gandola income in 2017G + early payment discount of SAR 9.3 million disclosed under other income in 2017G] / revenue for the year of SAR 4,766.3 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements).

(6) Operating margin is defined as operating profit divided by revenue, expressed as a percentage. FY17G is not comparable to FY18G and FY19G due to the reclassifications in the FY19G financial statements.

(7) Net profit margin is defined as net profit divided by revenue, expressed as a percentage. If calculated on a pre-IFRS 16 basis, net profit and net profit margin for FY19G would have been SAR 469 million and 9.7%,.

(8) Gearing ratio is defined as total interest bearing debt divided by total capitalization (total interest bearing debt + total equity). Interest bearing debt for these purposes excludes lease liabilities.

(9) Return on equity is calculated as follows: net profit for the year / average equity (average equity = (equity at the beginning of the year + equity at the end of the year)/2).

(10) Return on assets is calculated as follows: net profit for the year / average assets (average assets= (assets at the beginning of the year + assets at the end of the year)/2).

(11) Adjusted EBITDA is calculated as the sum of net profit for the year + zakat charge + finance cost on lease liabilities + depreciation and amortization expenses minus the non-core portion of other income.

(12) For comparative purposes (due to the implementation of IFRS-16), rent Adjusted EBITDA for FY17G and FY18G would have been SAR 865.3 million and SAR 853.7 million respectively that is computed as Adjusted EBITDA (as calculated above) + rent expense in selling and distribution expenses of SAR 302.3 million and 305.1 million for FY17G and FY18G, respectively + rent expense in general and administration of SAR 4.9 million and SAR 5.0 million for FY17G and FY18G, respectively - rent expenses (related to leases considered short term leases under IFRS 16) of SAR 4.5 million and SAR 5.6 million for FY17G and FY18G, respectively. Further, rent Adjusted EBITDA margin for FY17G and FY18G would have been 18.2% and 18.7%, respectively.

(13) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

(14) Funds from operations is calculated as net cash from operating activities excluding change in capital expenditure payables. Capital expenditure payables are non-trade payables related to branch openings, renovations, refurbishments, etc.

(15) EBITDA: EBITDA is calculated as the sum of net profit for the year + zakat charge + finance cost on lease liabilities + depreciation and amortization expenses.

(16) Other non-core income includes loss on disposal of property and equipment of SAR (1.1) million, SAR (0.3) million and SAR (0.2) million for FY17G, FY18G and FY19G, respectively, accounts payable transferred to other income of SAR 5.3 million, SAR 3.4 million and SAR 4.1 million for FY17G, FY18G and FY19G, respectively, and scrap sale of SAR 0.1 million, SAR 1.4 million and SAR 1.1 million for FY17G, FY18G and FY19G, respectively.

Source: Financial Statements and Company information. (The Company was converted from a limited liability company into a closed joint stock company on 3 May 2017G. The Company's Bylaws state that the financial year will start from the date of issuance of the commercial register of the Company, i.e. on 16 July 2017G. Accordingly, the Company had to submit financial statements as a limited liability company for the period from 1 January 2017G to 16 July 2017G, and other financial statements as a closed joint-stock company for the period starting from 17 July 2017G to 31 December 2017G. The Company discussed solutions with the Ministry of Commerce to avoid issuing two different sets of financial statements for FY17G. The Ministry of Commerce agreed that the Company amend its Bylaws to have its financial year starting in January, instead of the date of issuance of the commercial register, which caused the delay of the Company in issuing the financial statements for FY17G.)

SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

A- Risks Related to the Company's Operations

1- The impact of the number of consumers or levels of consumer spending on the Company's business
2- The Company's reliance on certain Key Suppliers
3- Sustainability of the Company's Supplier Support Incentives
4- The impact of the highly competitive industry in which the Company operates
5- Risks associated with the Company's expansion strategy
6- Risks associated with the Company's future revenue growth
7- Risks related to the seasonality of revenues
8- Risks associated with identifying and leasing locations for new Stores on commercially acceptable terms
9- The impact of increasing operating expenses on the Company's business
10- Risks associated with the Company's Related Party Transactions
11- Risks associated with the Company's mobile phone applications, online e-commerce platform and related online advertising activities
12- Regulatory risks and risks related to permits, licenses and approvals necessary for the Company's business operations
13- Maintaining the reputation of the "BinDawood" and "Danube" brands
14- Risks relating to real or perceived quality or health issues with the products offered at the Company's Stores
15- Protecting certain trademarks on which the Company relies
16- Operational risks and unexpected interruptions to the Company's business
17- Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19
18- Risks related to housing company employees during the COVID-19 pandemic
19- Risks related to inventory levels
20- Risks associated with renovation and redevelopment of the Company's Stores
21- Risks associated with the Company's use of third-party service providers
22- The impact of the transition from Saudi GAAP to IFRS-KSA on the Company's financial statements
23- Fluctuation of currency exchange rates
24- The Company's reliance on its senior management and key personnel
25- Risks associated with requirements of foreign employees and Labor Law
26- The Company's requirement for additional debt capital in the future
27- Risks associated with the Company's current debt arrangements
28- Risks associated with trade accounts receivable not secured through formal contracts
29- The Company's implementation of a newly adopted Corporate Governance Manual
30- Management's insufficient experience in managing a publicly listed company
31- Risks associated with interruptions in the Company's IT network or cloud systems
32- Risks associated with cash management, theft and security
33- The adequacy of the Company's insurance to cover all losses
34- Risks associated with litigation involving the Company
35- Government fees applicable to non-Saudi employees
36- Risks related to ageing receivables
37- Risks related to the assessment of expected credit losses for receivables
38- Risks relating to the Company's estimates of the likelihood of renewal or termination of the lease contracts in the Company's financial statements

B- Risks Relating to the Company's Real Estate

1- Risks related to the Company's leased sites and related building ownership certificates and lease registrations
2- Risks related to the fluctuations of the real estate sector in the Kingdom
3- Risks associated with self-help provisions in certain lease agreements

C- Risks Relating to the Market, Industry and Regulatory Environment

1- The impact of political and economic risks on the Company's operations
2- Compliance by the Company with Saudization and other Labor Law requirements
3- The impact of change of prices for energy, electricity, water and related services on the Company's operating expenses
4- Risks associated with foreign ownership restrictions with respect to Makkah and Madinah
5- The impact of changes in laws and government policies in Saudi Arabia
6- Risks related to the adoption and / or changes of the value added tax and excise tax
7- Import risks
8- Risks associated with Zakat and Tax
9- Risks related to change in the calculation mechanism of Zakat and income tax

D- Risks Related to the Offer Shares

1- Risks related to effective control by current Shareholders
2- Absence of a prior market for the Shares
3- Risks of selling a large number of Shares post-Offering
4- Fluctuation in the market price of the Shares
5- Risks relating to the Company's ability to distribute dividends
6- Foreign exchange rate risks when investing in the Offer Shares

Table of Contents

1. DEFINITIONS AND ABBREVIATIONS 1

2. RISK FACTORS 9

2.1 Risks Related to the Company's Operations 9

2.1.1 The impact of the number of consumers or levels of consumer spending on the Company's business 9

2.1.2 The Company's reliance on certain Key Suppliers 10

2.1.3 Sustainability of the Company's Supplier Support Incentives 12

2.1.4 The impact of the highly competitive industry in which the Company operates 13

2.1.5 Risks associated with the Company's expansion strategy 14

2.1.6 Risks associated with the Company's future revenue growth 15

2.1.7 Risks related to the seasonality of revenues 15

2.1.8 Risks associated with identifying and leasing locations for new stores on commercially acceptable terms 16

2.1.9 The impact of increasing operating expenses on the Company's business 16

2.1.10 Risks associated with the Company's Related Party Transactions 17

2.1.11 Risks associated with the Company's mobile phone applications, online e-commerce platform and related online advertising activities 18

2.1.12 Regulatory risks and risks related to permits, licenses and approvals necessary for the Company's business operations 18

2.1.13 Maintaining the reputation of the "BinDawood" and "Danube" brands 19

2.1.14 Risks relating to real or perceived quality or health issues with the products offered at the Company's Stores 20

2.1.15 Protecting certain trademarks on which the Company relies 20

2.1.16 Operational risks and unexpected interruptions to the Company's business 20

2.1.17 Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19 21

2.1.18 Risks related to housing employees of the Company during the COVID-19 pandemic 22

2.1.19 Risks related to inventory levels 23

2.1.20 Risks associated with renovation and redevelopment of the Company's Stores 23

2.1.21 Risks associated with the Company's use of third-party service providers 24

2.1.22 The impact of the transition from Saudi GAAP to IFRS-KSA on the Company's financial statements 24

2.1.23 Fluctuation of currency exchange rates 26

2.1.24 The Company's reliance on its senior management and key personnel 26

2.1.25 Risks associated with requirements of foreign employees and Labor Law 26

2.1.26 The Company's requirement for additional debt capital in the future 27

2.1.27 Risks associated with the Company's current debt arrangements 27

2.1.28 Risks associated with trade accounts receivable not secured through formal contracts 30

2.1.29 The Company's implementation of a newly adopted Corporate Governance Manual 31

2.1.30 Management's insufficient experience in managing a publicly listed company 31

2.1.31 Risks associated with interruptions in the Company's IT network or cloud systems 32

2.1.32 Risks associated with cash management, theft and security 32

2.1.33 The adequacy of the Company's insurance to cover all losses 33

2.1.34 Risks associated with litigation involving the Company 33

2.1.35 Government fees applicable to non-Saudi employees of the Company 33

2.1.36 Risks related to ageing receivables 34

2.1.37 Risks related to the assessment of expected credit losses for receivables 34

2.1.38 Risks relating to the Company's estimates of the likelihood of renewal or termination of the lease contracts in the Company's financial statements 35

2.2 Risks Relating to the Company's Real Estate 35

2.2.1 Risks related to the Company's leased sites and related building ownership certificates and lease registrations 35

2.2.2 Risks related to the fluctuations of the real estate sector in the Kingdom 36

2.2.3 Risks associated with self-help provisions in certain lease agreements 37

2.3 Risks Relating to the Market, Industry and Regulatory Environment 37

2.3.1 The impact of political and economic risks on the Company's operations 37

2.3.2 Compliance by the Company with Saudization and other Labor Law Requirements 37

2.3.3 The impact of change of prices for energy, electricity, water and related services on the Company's operating expenses 38

2.3.4 Risks associated with foreign ownership restrictions with respect to Makkah and Madinah 38

2.3.5 The impact of changes in laws and government policies in Saudi Arabia 39

2.3.6 Risks related to the adoption of the value added tax and excise tax 39

2.3.7 Import risks 40

2.3.8 Risks associated with Zakat and Tax 40

2.3.9 Risks related to change in the calculation mechanism of Zakat and income tax 41

2.4 Risks Related to the Offer Shares 41

2.4.1 Risks related to effective control by current Shareholders 41

2.4.2 Absence of a prior market for the Shares 41

2.4.3 Risks of selling a large number of shares post-Offering 42

2.4.4 Fluctuation in the market price of the Shares 42

2.4.5 Risks relating to the Company's ability to distribute dividends 42

2.4.6 Foreign exchange rate risks when investing in the Offer Shares 42

3. MARKET AND SECTOR OVERVIEW 43

3.1 Introduction 43

3.1.1 Research Methodology 43

3.1.2 Forecasting Bases and Assumptions 43

3.2 Executive Summary 44

3.3 Analysis of the Kingdom of Saudi Arabia 45

3.3.1 Economic Overview 45

3.3.2 Demographic Overview 47

3.3.3 Overview of Grocery Retailing at a Global and Middle Eastern level 49

3.3.4 Overview of Grocery Retailing in the Kingdom of Saudi Arabia 51

3.3.5 Overview of Grocery Retailing in the Major Regions of the Kingdom 53

3.3.6 Competitive Landscape within the Modern Grocery Retailing Market in the Kingdom 57

3.3.7 Positioning of BinDawood Holding within the National Market for Modern Grocery Retailing 58

4. THE COMPANY 60

4.1 Overview of the Company and its Business Activities 60

4.2 Vision and Mission of the Company 61

4.2.1 Vision 61

4.2.2 Mission ... 62

4.3 Competitive Advantages and Strengths of the Company ... 62

4.3.1 Access to a growing market supported by a stable macroeconomic backdrop, further complemented by KSA's Vision 2030 ... 62

4.3.2 Differentiated and innovative grocery proposition in the market, covering a wide consumer spectrum in the Kingdom across the "Danube" and BinDawood" differentiated and widely recognized brands ... 63

4.3.3 Store portfolio spread across the Kingdom and supported by a robust operational platform ... 65

4.3.4 Strong relationships with Key Suppliers ... 66

4.3.5 Winning Financial Profile and Solid Profitability ... 66

4.3.6 Multiple Tangible Growth Levers for Sustained Future Growth ... 67

4.3.7 Founding Family-Led Experienced Management Team and Knowledgeable Shareholder Base ... 67

4.4 The Company's Strategies ... 68

4.4.1 Initiatives to drive like-for-like growth in existing stores ... 68

4.4.2 Incremental measures for recently opened Stores ... 68

4.4.3 Expansion of Store network ... 68

4.4.4 Growth of Online channel ... 68

4.4.5 Maintain focus on cash flow generation and cost-efficient approach to operations ... 68

4.5 Corporate Overview of the Company and Evolution of its Capital ... 69

4.6 Key Developments of the Company since Establishment ... 71

4.7 Overview of the Structure of the Company and its Subsidiaries ... 73

4.7.1 Overview ... 73

4.7.2 Company Ownership Structure before and after the Offering ... 73

4.7.3 Overview of the Subsidiaries ... 74

4.8 Overview of the Shareholders ... 77

4.8.1 Akasiya Star Trading Company Limited ... 78

4.8.2 Abdullah Dawood BinDawood and Sons Company Limited ... 83

4.8.3 Commercial Growth Development Company ... 85

4.9 Overview of the Company's Principal Activities ... 88

4.9.1 The "BinDawood" and "Danube" Brands ... 88

4.9.2 Key Performance Indicators ... 90

4.9.3 The Company's Stores ... 91

4.9.4 Merchandise and Product Mix ... 96

4.9.5 Suppliers ... 98

4.9.6 Overview of Warehouses and Distribution Network ... 101

4.9.7 Sales, Marketing and Promotions ... 101

4.9.8 Operations Management of Stores ... 103

4.9.9 Overview of the Company's Properties ... 105

4.10 Future Plans and Growth Opportunities ... 106

4.10.1 Geographical Expansion ... 106

4.10.2 Growth of the Company's Online Sales ... 108

4.11 Certifications and Awards ... 108

4.12 Head Office Departments and Support Functions ... 109

4.12.1 Development Department ... 109

4.12.2 Commercial Department ... 109

4.12.3 Store Operations Department 110

4.12.4 Finance Department 110

4.12.5 Human Resources Department 110

4.12.6 Information Technology Department 111

4.12.7 Legal Affairs 111

4.12.8 Internal Audit Department 111

4.12.9 Strategy and Public Affairs Department 111

4.13 Business Continuity 111

5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE 112

5.1 Board Members and Secretary 113

5.1.1 Composition of the Board of Directors 113

5.1.2 Responsibilities of the Board of Directors 115

5.1.3 Biographies of the Members and Secretary of the Board 119

5.2 Board Committees 133

5.2.1 Nomination and Remuneration Committee 133

5.2.2 Audit Committee 135

5.2.3 Executive Committee 136

5.3 Senior Management 138

5.3.1 Overview of Senior Management 138

5.3.2 Biographies of Senior Executives 138

5.3.3 Employment Contracts with Senior Executives 141

5.4 Remuneration of Directors and Senior Executives 142

5.5 Corporate Governance 143

5.5.1 Overview 143

5.5.2 Key Corporate Governance Requirements 143

5.5.3 Corporate Governance Manual and Internal Policies 144

5.5.4 Corporate Governance Compliance 144

5.6 Conflict of Interest 146

5.7 Employees 146

5.8 Saudization 148

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS 149

6.1 Directors' declaration for financial information 149

6.2 Company overview 150

6.2.1 BDH's Subsidiaries 150

6.3 Key factors affecting the results of operations 151

6.3.1 Macroeconomic conditions 151

6.3.2 Seasonality 151

6.3.3 Number of stores 152

6.3.4 Pilgrim inflow 152

6.3.5 Supplier Support Income 152

6.4 Significant accounting policies 152

6.4.1 Current versus non-current classification 152

6.4.2 Property and equipment 153
6.4.3 Intangible assets 154
6.4.4 Inventories 154
6.4.5 Cash and cash equivalents 154
6.4.6 Financial Instruments 155
6.4.7 Impairment of financial and non-financial assets 157
6.4.8 Employee benefits 158
6.4.9 Provisions 158
6.4.10 Cash dividend 158
6.4.11 Zakat 158
6.4.12 Revenue recognition 159
6.4.13 Foreign currencies 159
6.4.14 Expenses 159
6.4.15 Dividend 160
6.4.16 Leases (applicable until 2018G) 160
6.4.17 Leases (applicable from 2019G onwards) 161
6.5 Results of operations 162
6.5.1 Statement of profit or loss 162
6.5.2 Statement of financial position 187
6.5.3 Statement of cash flows 210
6.5.4 Commitments and contingencies 214
6.5.5 Related Party transactions and balances 215
6.5.6 SAUDI GAAP to IFRS-KSA reconciliation as at and for the financial year ended 31 December 2017G 218
6.6 Other factors affecting the business 220
6.6.1 Market risk 220
6.6.2 Foreign currency risk 220
6.6.3 Credit risk 220
6.6.4 Liquidity risk 220
7. DIVIDEND DISTRIBUTION POLICY 221
8. USE OF PROCEEDS 223
9. CAPITALIZATION AND INDEBTEDNESS 224
10. EXPERTS' STATEMENT 225
11. DECLARATIONS 226
12. Legal Information 230
12.1 Declarations related to Legal Information 230
12.2 The Company 230
12.3 Shareholding Structure 230
12.4 Subsidiaries 231
12.5 Government Consents, Licenses and Certificates 231
12.6 Material Agreements 249
12.6.1 Shareholders Agreement 249

12.6.2 Key Supply Agreements....249
12.6.3 Store Leases....257
12.6.4 Store Sub-leases....271
12.6.5 Accommodation Leases....273
12.6.6 Warehouse Leases....278
12.6.7 Head Office Leases....278
12.6.8 Ancillary Lease Agreements....279

12.7 Transactions and Contracts with Related Parties....279
12.7.1 Related Party Leases....280
12.7.2 Related Party Sub-leases....281
12.7.3 Related Party Supply Agreements....281
12.7.4 Services Agreements with International App....284
12.7.5 Shared Services Agreement....285
12.7.6 Agreement to transfer Jumairah for Trade Establishment to Danube Star....286

12.8 Credit Facilities and Loans....286

12.9 Insurance....289

12.10 Intellectual Property....291
12.10.1 Trademarks....291
12.10.2 Other Intellectual Property Rights....295

12.11 Litigation....295

12.12 The Zakat Status of the Company and its Subsidiaries....296

12.13 Summary of the Bylaws....297
12.13.1 Company's Name....297
12.13.2 Objectives of the Company....297
12.13.3 Participation and Interest in Companies....297
12.13.4 Duration of the Company....297
12.13.5 Head Office of the Company....297
12.13.6 Capital of the Company....297
12.13.7 Share Subscription....297
12.13.8 Preferred Shares....297
12.13.9 Sale of Non-Paid up Shares....298
12.13.10 Issuance of Shares....298
12.13.11 Share Trading....298
12.13.12 Shareholders' Register....298
12.13.13 Capital Increase....298
12.13.14 Decrease of Capital....299
12.13.15 Company's Management....299
12.13.16 Membership Termination....299
12.13.17 Membership Vacancy....299
12.13.18 Powers of the Board of Directors....300
12.13.19 Remuneration of Board Members....300
12.13.20 Powers of the Chairman, Vice Chairman, Managing Directors and Secretary....300
12.13.21 Meetings of the Board of Directors....305

12.13.22 Meeting Quorum and Resolutions 305
12.13.23 Board Deliberations 305
12.13.24 Shareholder Assemblies 306
12.13.25 Responsibilities of the Conversion Assembly 306
12.13.26 Responsibilities of the Ordinary General Assembly 306
12.13.27 Responsibilities of the Extraordinary General Assembly 306
12.13.28 Convening General Assemblies 306
12.13.29 Assembly Record of Attendance 306
12.13.30 Ordinary General Assembly Quorum 306
12.13.31 Extraordinary General Assembly Quorum 307
12.13.32 Voting at Assemblies 307
12.13.33 General Assembly Resolutions 307
12.13.34 Assembly Deliberations 307
12.13.35 Presiding over General Assemblies and the Keeping of Minutes 307
12.13.36 Audit Committee 307
12.13.37 Committee Responsibilities 308
12.13.38 Committee Reports 308
12.13.39 Auditor 308
12.13.40 Responsibilities of the Auditor 308
12.13.41 Company Accounts and Distribution of Profits 308
12.13.42 Financial Documents 308
12.13.43 Distribution of Profits 309
12.13.44 Entitlement to Profits 309
12.13.45 Distribution of Profits for Preferred Shares 309
12.13.46 Company Losses 309
12.13.47 Disputes 310
12.13.48 Dissolution and Liquidation of the Company 310
12.13.49 Final Provisions 310

12.14 Description of Shares 310

12.14.1 Capital of the Company 310
12.14.2 Shares 310
12.14.3 Share Repurchase 311
12.14.4 Rights of the Holders of Ordinary Shares 311
12.14.5 General Assemblies 311
12.14.6 Voting Rights 312
12.14.7 Term of the Company 312
12.14.8 Dissolution and Liquidation of the Company 312
12.14.9 Change of Shareholders' Rights 312

13. UNDERWRITING 313

13.1 Underwriters 313

13.2 Summary of the Underwriting Agreement 314

14. UNDERWRITING COSTS 315

15. EXPENSES 316

16. COMPANY'S POST-LISTING UNDERTAKINGS 317

17. WAIVERS 318

18. SUBSCRIPTION TERMS AND CONDITIONS 319

18.1 Subscription to Offer Shares 319

18.2 Book-building and Subscription by Participating Parties 319

18.3 Subscription by Individual Investors 320

18.4 Allocation and Refunds 323

18.4.1 Allocation of Offer Shares to Participating Parties 323

18.4.2 Allocation of Offer Shares to Individual Investors 323

18.5 Circumstances where Listing may be Suspended or Cancelled 323

18.5.1 Power to Suspend or Cancel Listing 323

18.5.2 Voluntary Cancellation of Listing 324

18.5.3 Temporary Trading Suspension 325

18.5.4 Lifting of Suspension 325

18.5.5 Re-registering and Listing of Cancelled Securities 325

18.6 Approvals and Decisions under which the Offer Shares are Offered and Listed 326

18.7 Lock-up Period 326

18.8 Acknowledgments by Subscribers 326

18.9 Shares' Record and Trading Arrangements 326

18.10 Saudi Stock Exchange 326

18.11 Trading in the Shares 327

18.12 Miscellaneous 327

19. DOCUMENTS AVAILABLE FOR INSPECTION 328

20. CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORTS 329

APPENDIX (1) 457

Tables

Table (1): Members of the Company's Board of Directors....v
Table (2): Overview of Substantial Shareholders of the Company Pre- and Post-Offering....xiv
Table (3): Expected Offering Timetable....xix
Table (4): Key developments since the Company's establishment:....xxv
Table (5): Summary of key information of the Company's Subsidiaries....xxvii
Table (6): Direct Ownership of the Company Pre- and Post-Offering....xxvii
Table (3-1): Key Macro-Economic and Demographic Indicators in Saudi Arabia, 2017G, 2018G, 2019G and 2024G....48
Table (3-2): Total Grocery Retail Space at a Global Level and Split by Regions, 2017G, 2018G, 2019G and 2024G ('000 sq.m)....50
Table (3-3): Grocery Retailing Value Sales at a Global Level and Split by Regions, 2017G, 2018G, 2019G and 2024G (SAR bn)....50
Table (3-4): Grocery Retailing in Saudi Arabia, 2017G, 2018G, 2019G and 2024G....53
Table (3-5): Modern Grocery Retailing Value Sales in Saudi Arabia by format, 2017G, 2018G, 2019G and 2024G (SAR mn)....53
Table (3-6): Modern Grocery Retailing Value Sales in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G (SAR mn)....55
Table (3-7): Modern Grocery Retailing Outlets in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G....55
Table (3-8): Modern Grocery Retailing Selling Space in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G (1000 sq.m)....55
Table (3-9): Leading (Top 5) Modern Grocery Retailers in Saudi Arabia by key regions, 2019G (% market share in value terms)....56
Table (3-10): Modern Grocery Retailing Value Split (by %) by Key Players, 2017G-2019G....58
Table (3-11): Number of Modern Grocery Stores by Key Players, 2017G-2019G....58
Table (4-1): Shareholders of the Company at incorporation:....69
Table (4-2): Shareholders of the Company as at 02/01/1437H (corresponding to 15 October 2015G):....69
Table (4-3): Shareholders of the Company as at 29/03/1437H (corresponding to 9 January 2016G):....70
Table (4-4): Shareholders of the Company as at 08/04/1437H (corresponding to 18 January 2016G):....70
Table (4-5): Shareholders of the Company as at 05/07/1437H (corresponding to 13 April 2016G):....71
Table (4-6): Shareholders of the Company as at 07/08/1438H (corresponding to 3 May 2017G):....71
Table (4-7): Shareholders of the Company as at 08/04/1441H (corresponding to 5 December 2019G):....71
Table (4-8): Key developments since the Company's establishment:....72
Table (4-9): Summary of key information of the Company's Subsidiaries:....73
Table (4-10): Overview of the ownership of the Shares before and after the Offering:....73
Table (4-11): Major shareholders before and after the Offering:....74
Table (4-12): BinDawood Superstores Company's shareholding structure as at the date of this Prospectus:....75
Table (4-13): Danube Company for Foodstuffs and Commodities' shareholding structure as at the date of this Prospectus:....75
Table (4-14): Danube Star for Bakery and Marketing's shareholding structure as at the date of this Prospectus:....76
Table (4-15): Akasiya Star Trading Company Limited's shareholding structure as at the date of this Prospectus:....78
Table (4-16): Abdulrazzag Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:....78
Table (4-17): Abdul Khaliq Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:....79
Table (4-18): Khalid Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:....80
Table (4-19): Sulaiman Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:....80

Table (4-20): Hajar Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus: 81

Table (4-21): Asma Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus: 81

Table (4-22): Sarah Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus: 82

Table (4-23): Ismail BinDawood Sons and Partners Company Limited's shareholding structure as at the date of this Prospectus: 82

Table (4-24): Ismail Abdulmajeid Hussain Trading Company Limited's shareholding structure as at the date of this Prospectus: 83

Table (4-25): Abdullah BinDawood Sons Company Limited's shareholding structure as at the date of this Prospectus: 83

Table (4-26): BinDawood Trading Company Limited's shareholding structure as at the date of this Prospectus: 84

Table (4-27): Tariq Abdullah BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus: 85

Table (4-28): Commercial Growth Development Company's shareholding structure as at the date of this Prospectus: 86

Table (4-29): Revenue breakdown by Subsidiary1 88

Table (4-30): The Company's Key Performance Indicators: 90

Table (4-31): Breakdown of Stores by region (as at the date of this Prospectus) 91

Table (4-32): Breakdown of Stores by format, revenue and Selling Area (as at the date of this Prospectus) 92

Table (4-33): Overview of the Company's Stores 92

Table (4-34): Revenue breakdown by merchandise category 97

Table (4-35): The Company's Key Suppliers 98

Table (4-36): New Stores 107

Table (5-1): Direct Ownership in the Company pre and post Offering 113

Table (5-2): Company's Board of Directors 113

Table (5-3): Nomination and Remuneration Committee Members 134

Table (5-4): Audit Committee Members 136

Table (5-5): Executive Committee Members 137

Table (5-6): Senior Management Details 138

Table (5-7): Summary of Employment Contracts with Senior Executives 141

Table (5-8): Remuneration Paid to Directors and Senior Executives* 143

Table (5-9): Number of the Company's and its Subsidiaries' Employees by Business Segment Sector, as at 31 December 2017G, 2018G and 31 December 2019G 147

Table (5-10): Average Saudization Percentage and Nitaqat Category of the Company and its Subsidiaries as at 31 December 2019G 148

Table (6-1): Consolidated statement of profit or loss 162

Table (6-2): Key financial metrics 162

Table (6-3): Key performance indicators 163

Table (6-4): Consolidated revenue by Subsidiary 166

Table (6-5): Consolidated revenue by product category 167

Table (6-6): Consolidated revenue by store type 168

Table (6-7): BinDawood revenue by location 169

Table (6-8): Danube revenue by location 170

Table (6-9): Proportion of revenue generated by top ten stores of 2019G (consolidated) 172

Table (6-10): Consolidated online sales 172

Table (6-11): Consolidated revenue vintage analysis....173
Table (6-12): Consolidated cost of revenue by Subsidiary....174
Table (6-13): Consolidated cost of revenue by component....175
Table (6-14): Proportion of gross purchases by top ten suppliers of 2019G(consolidated)....176
Table (6-15): Consolidated gross profit by Subsidiary....176
Table (6-16): Consolidated selling & distribution expenses by Subsidiary....178
Table (6-17): Consolidated selling & distribution expenses by component....179
Table (6-18): Consolidated general & administration expenses by Subsidiary....180
Table (6-19): Consolidated general & administration expenses by component....181
Table (6-20): Consolidated other operating income by Subsidiary....183
Table (6-21): Consolidated operating profit by Subsidiary....183
Table (6-22): Consolidated finance cost on lease liabilities by Subsidiary....184
Table (6-23): Consolidated other income by Subsidiary....185
Table (6-24): Consolidated other income by component....185
Table (6-25): Consolidated net profit by Subsidiary....186
Table (6-26): Consolidated statement of financial position data....187
Table (6-27): Key financial metrics....187
Table (6-28): Consolidated non-current assets by Subsidiary....188
Table (6-29): Consolidated non-current assets by component....189
Table (6-30): Consolidated net book value of property and equipment by Subsidiary....189
Table (6-31): Consolidated net book value of property and equipment by component....190
Table (6-32): Additions to property and equipment by component....191
Table (6-33): Capital expenditure on stores....192
Table (6-34): Transfers from capital work in progress by component....192
Table (6-35): Disposals of property and equipment by component....193
Table (6-36): Consolidated net book value of intangible assets by Subsidiary....193
Table (6-37): Consolidated net book value of intangible assets by component....194
Table (6-38): Right of use assets by Subsidiary....194
Table (6-39): Consolidated current assets by entity....195
Table (6-40): Consolidated current assets by component....196
Table (6-41): Consolidated inventories by Subsidiary....196
Table (6-42): Consolidated inventories by component....197
Table (6-43): Consolidated inventories by department....198
Table (6-44): Consolidated trade and other receivables by Subsidiary....199
Table (6-45): Consolidated trade and other receivables by component....199
Table (6-46): Consolidated prepayments and advances by component....200
Table (6-47): Consolidated trade receivables ageing analysis as at 31 December 2019G....201
Table (6-48): Consolidated cash and cash equivalents by entity....201
Table (6-49): Cash conversion cycle....202
Table (6-50): Consolidated non-current liabilities by Subsidiary....202
Table (6-51): Consolidated non-current liabilities by component....202
Table (6-52): Consolidated lease liabilities by Subsidiary....203
Table (6-53): Consolidated lease liabilities....203

Table (6-54): Consolidated current liabilities by Subsidiary 204
Table (6-55): Consolidated current liabilities by component 205
Table (6-56): Consolidated accounts payable, accruals and other financial liabilities by Subsidiary 205
Table (6-57): Consolidated accounts payable, accruals and other financial liabilities by component 206
Table (6-58): Consolidated unearned income and other payables by Subsidiary 207
Table (6-59): Consolidated unearned income and other payables by component 207
Table (6-60): Consolidated trade payables ageing analysis as at 31 December 2019G 207
Table (6-61): Consolidated zakat payable by component 208
Table (6-62): Consolidated equity by entity 208
Table (6-63): Consolidated equity by component 209
Table (6-64): BinDawood's statement of cash flows data 210
Table (6-65): Danube's statement of cash flows data 210
Table (6-66): Danube Star's statement of cash flows data 211
Table (6-67): Consolidated statement of cash flows data 212
Table (6-68): Consolidated cash flow from operating activities 212
Table (6-69): Consolidated cash flow from investing activities 213
Table (6-70): Consolidated cash flow from financing activities 214
Table (6-71): Consolidated commitments and contingencies 214
Table (6-72): Related parties' transactions 215
Table (6-73): Due from related parties 217
Table (6-74): Due to related parties 217
Table (6-75): Saudi GAAP / IFRS-KSA reconciliation of the statement of financial position 218
Table (6-76): Saudi GAAP / IFRS-KSA reconciliation of the statement of profit or loss 219
Table (7-1): Dividends declared and distributed by the Company during the years ended 31 December 2017G, 2018G and 2019G 221
Table (7-2): Dividends declared by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G 222
Table (7-3): Dividends distributed by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G 222
Table (9-1): Capitalization and Indebtedness of the Company 224
Table (12-1): Company's Shareholding Structure Before and After the Offering 230
Table (12-2): List of Subsidiaries 231
Table (12-3): List of Commercial Registration Certificates Obtained by the Company and its Subsidiaries 231
Table (12-4): List of Commercial Registration Certificates Obtained by branches of BDSS 231
Table (12-5): List of Commercial Registration Certificates Obtained by the branches of Danube 233
Table (12-6): Details of the Commercial Registration Certificates of Danube Star's branches 235
Table (12-7): Details of Chamber of Commerce Certificates Obtained by the Company and its Subsidiaries 235
Table (12-8): Details of Municipality Licenses Obtained by the branches of Danube 236
Table (12-9): Details of Municipality Licenses Obtained by the branches of BDSS 239
Table (12-10): Details of Municipality Licenses Obtained by the branches of Danube Star 241
Table (12-11): Details of Civil Defense Licenses Obtained by the branches of Danube 241
Table (12-12): Details of Civil Defense Permits Obtained by the branches of BDSS 244
Table (12-13): Details of Civil Defense Permits Obtained by the branches of Danube Star 245
Table (12-14): Details of the Saudi Food and Drug Authority Licenses Obtained by the Subsidiaries 246
Table (12-15): Details of expired civil defense licenses of the Company and its Subsidiaries: 246

Table (12-16): Supply Agreements between Nestle Saudi Arabia and each of BDSS and "Danube Stores Company"* 251

Table (12-17): Supply Agreements between Ismail Ali Abudawood Trading Company Limited and each of "BinDawood Company" and "Danube Company"* 251

Table (12-18): Supply Agreements between Mondelez Arabia for Trading LLC and each of Danube and BDSS 251

Table (12-19): Supply Agreements between the National Agricultural Development Company (NADEC) and each of "BinDawood Saudi" and "Danube Saudi"* 252

Table (12-20): Supply Agreement number 338660 between Arrow Food Distribution Company and each of BDSS and Danube (tri-party agreement)* 252

Table (12-21): Supply Agreement between Al Wafi Al Takamul International for Food Products Limited and "BinDawood"* 252

Table (12-22): Supply Agreement between Afia International Company for Distribution and Marketing and "BinDawood" and "Danube"* 253

Table (12-23): Supply Agreement between Arabian Trading Supplies and BDSS and Danube * 253

Table (12-24): Supply Agreement between Olayan Kimberly-Clark Saudi Co. and BDSS and Danube (tripartite agreement)* 253

Table (12-25): Supply Agreement number 339403 between Arrow Food Distribution Company and BDSS and Danube (tripartite agreement)* 254

Table (12-26): Supply Agreement between Basamah Commercial Distribution Company and BDSS and Danube (tripartite agreement)* 254

Table (12-27): Supply Agreement between Orient Provisions and Trading Company and BDSS and Danube (tripartite agreement)* 254

Table (12-28): Supply Agreement between Saudi Radwa Food Co. Ltd. and BDSS 254

Table (12-29): Supply Agreement between National Food Co (Americana Meat) and BDSS and Danube (tripartite agreement)* 255

Table (12-30): Supply Agreements between Danya Marketing Ltd. Company and each of "Bin Dawood" and "Al Danube SM"* 255

Table (12-31): Supply Agreements between Food and Fine Pastries Manufacturing Company (Sunbulah) and each of BDSS and Danube 255

Table (12-32): Supply Agreement between SADAFCO and "BinDawood Group"* 255

Table (12-33): Supply Agreement between Saudi Snack Foods Co. Ltd. and each of Danube and BDSS 256

Table (12-34): Store Lease Agreements entered by Danube for Stores it operates 257

Table (12-35): Store Lease Agreements entered by Danube for Stores under development 267

Table (12-36): Store Lease Agreements entered by BDSS for Stores which it operates 267

Table (12-37): Store Lease Agreements entered by Danube Star for Stores which it operates 271

Table (12-38): Sub-lease Agreements entered by Danube 271

Table (12-39): Sub-lease Agreements entered by BDSS 272

Table (12-40): Accommodation Lease Agreements entered by Danube 273

Table (12-41): Accommodation Lease Agreements entered by BDSS 276

Table (12-42): Warehouse Lease Agreements entered by Danube 278

Table (12-43): Warehouse Lease Agreements entered by BDSS 278

Table (12-44): Head Office Lease Agreement entered by Danube 278

Table (12-45): Head Office Lease Agreement entered by BDSS 279

Table (12-46): Ancillary Lease Agreements entered by Danube 279

Table (12-47): Summary of the main terms of the Related Party supply contracts 282

Table (12-48): Facilities between Gulf International Bank B.S.C. and BDSS dated 01 October 2019G for a total amount of SAR 32,500,000 287

Table (12-49): Facilities between Banque Saudi Fransi and BDSS dated 18 February 2018G for a total amount of SAR 256,000,000 288

Table (12-50): Facility between Bank Aljazira and BDSS dated 19 February 2017G for a total amount of SAR 250,000,000 288
Table (12-51): Details of Insurance Policies 289
Table (12-52): Details of Registered "BinDawood" and "Danube" Trademarks 291
Table (12-53): Details of Internet Domain Names 295
Table (12-54): Summary of disputes filed by or against the Company and its Subsidiaries as at the date of this Prospects 295
Table (12-55): The zakat payable of the Company and its Subsidiaries as at 31 December 2017G, 2018G and 2019G 296
Table (13-1): Underwritten Shares 314
Ownership Structure of Commercial Growth Development Company as of the date of this Prospectus 459
Ownership structure of Gulf First Retail Company W.L.L. as of the date of this Prospectus 460
Ownership structure of Gulf Second Retail Company W.L.L. as of the date of this Prospectus 460
Investcorp Saudi Retail Sector Fund Company B.S.C.(c)'s Shareholding Structure as of the date of this Prospectus 461
Investcorp Gulf Investments B.S.C.(c)'s Shareholding Structure as of the date of this Prospectus 461
Investcorp GO Company 1 W.L.L.'s Shareholding Structure as of the date of this Prospectus 462
Investcorp GO Company 2 W.L.L.'s Shareholding Structure as of the date of this Prospectus 463
Regional Corporate Ventures III WLL's Shareholding Structure as of the date of this Prospectus 463

Table of Graphs

Figure (1-5): Company structure chart as at the date of this Prospectus xxvi
Figure (4-2): Ownership structure of the Company as at the date of this Prospectus 77
Figure (4-3): The Ownership Structure of Commercial Growth Development Company as at the Date of this Prospectus 87
Figure (5-1): Company structure chart as at the date of this Prospectus 112
Chart (6-1): Seasonality of sales for Haramain stores 151
Chart (6-2): Seasonality of sales for stores (excluding Haramain stores) 152
Figure: Ownership Structure of Commercial Growth Development Company as at the date of this Prospectus 458

1. DEFINITIONS AND ABBREVIATIONS

Adjusted EBITDA	The sum of net profit for the year plus zakat charge plus finance cost on lease liabilities plus depreciation and amortization expenses minus the non-core portion of other income.
Advisors	The Company's advisors in relation to the Offering, whose names appear on pages viii, ix and x of this Prospectus.
Amana	A municipality within the Kingdom of Saudi Arabia.
Audit Committee	The Company's audit committee.
Authorized Person	A person authorized by the CMA to carry out securities business.
Bakery	The Company's in-Store bakeries which form part of the Danube Star Bakery Chain.
BDH or BinDawood Holding	BinDawood Holding Company, a joint stock company established under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G) pursuant to ministerial resolution no. Q/313, dated 16/09/1438H (corresponding to 11 June 2017G).
Bid/Subscription Orders	Bid or subscription orders submitted telephonically or electronically to the Bookrunners without the need to complete and sign a Participating Parties Subscription Form in accordance with the instructions set out in Section 18 (**"Subscription Terms and Conditions"**).
Bid Form	The bid form to be used by Participating Parties registered in the Kingdom to bid for the Offer Shares during the Book-Building Period and to be submitted to the Bookrunners.
BinDawood Group	The group of companies (which includes the Company and its Subsidiaries) controlled by members of the BinDawood family, including Abdulrazzag Dawood Ibrahim BinDawood, Abdul Khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood. The BinDawood Group includes Abdul Khaliq Dawood Ibrahim BinDawood Establishment (and its subsidiaries) and BinDawood Trading Company (and its subsidiaries).
BinDawood or BDSS	BinDawood Superstores Company, a limited liability company and Subsidiary.
Board of Directors or Board	The Company's board of directors.
Book-Building Instructions	Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Book-Building Period	The period during which Participating Parties may submit Participating Parties Subscription Forms, which is specified in **"Key Dates and Subscription Procedures"** on page xix.
Bookrunners	Goldman Sachs Saudi Arabia, J.P. Morgan Saudi Arabia, GIB Capital and NCB Capital Company.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in Saudi Arabia.
Bylaws	The Company's Bylaws, a summary of which is set out in Section 12.13 ("**Summary of the Bylaws**").
CAGR	Compound Annual Growth Rate.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H (corresponding to 31 July 2003G), and its amendments.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Company's chief executive officer.
Chief Financial Officer	The Company's chief financial officer.
CMA	The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.
Committees	The Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended.

Company	BDH together with its Subsidiaries (unless the context requires otherwise).
Corporate Governance Manual	The Company's corporate governance manual, including the Committees' charters, approved by the Board on 15/04/1441H (corresponding to 12/12/2019G) and ratified by the Extraordinary General Assembly on 18/04/1441H (corresponding to 15/12/2019G).
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) (pursuant to the Companies Law) as amended by Resolution No 3-45-2018 dated 7/8/1439H (corresponding to 23 April 2018G), as amended.
Council of Ministers	The council of ministers of Saudi Arabia.
Danube or Danube Company	Danube Company for Foodstuff and Commodities, a limited liability company and Subsidiary.
Danube Star	Danube Star for Bakeries and Marketing, a limited liability company and Subsidiary.
Directors	Members of the Board of Directors.
EBITDA	The sum of net profit for the year plus zakat charge plus finance cost on lease liabilities plus depreciation and amortization expenses.
Eid	Eid Al Fitr and / or Eid Al Adha.
Exchange	The Saudi Arabian Stock Exchange (Tadawul).
Executive Committee	The Board of Directors' executive committee.
Express Store(s)	Any Store whose Total Area is less than 1,000 square meters.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
EY	Ernst & Young & Co. (Certified Public Accountants).
Financial Advisors	Goldman Sachs Saudi Arabia and J.P. Morgan Saudi Arabia Company.
Financial Institutions	Banks and financial services companies.
Financial Statements	Audited consolidated financial statements for (i) FY17G, together with accompanying notes, which have been prepared in accordance with Saudi GAAP; and (ii) FY18G and FY19G, together with the accompanying notes, which have been prepared in accordance with IFRS-KSA. Also referred to herein as the "**Audited Financial Statements**".
Foreign Investors	Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into Swap Agreements with Authorized Persons to purchase Shares listed on the Exchange.
Foreign Strategic Investor	A foreign legal entity aiming to acquire a strategic interest in listed companies in accordance with the FSI Instructions. "Strategic interest" means the direct ownership percentage in the listed company's shares, through which the owner aims to contribute to enhancing the financial or operating performance of the listed company.
FSI Instructions	Instructions for foreign strategic investors to acquire strategic stakes in listed companies issued by the Board of the CMA pursuant to Resolution No. 3-65-2019 dated 17/10/1440H (corresponding to 17 June 2019G), as amended.
FY17G	The period commencing 1 January 2017G and ended 31 December 2017G.
FY18G	The period commencing 1 January 2018G and ended 31 December 2018G.
FY19G	The period commencing 1 January 2019G and ended 31 December 2019G.
G	Gregorian.
GAZT	General Authority of Zakat and Tax.
GCC	Gulf Cooperation Council.

GCC Corporate Investor	Any company in which the majority of its share capital is owned by nationals of GCC countries or governments having the nationality of a GCC country in accordance with the definition contained in the Resolution of the Supreme Council of the Gulf Cooperation Council issued at its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as GCC funds established in one of the GCC countries whose units are offered in a public offering to investors from those countries in which the majority of the fund's capital is owned by citizens of the GCC countries or their governments.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time).
GDP per capita	GDP per capita is a measure of a country's economic output that account for its number of people (calculated by dividing the GDP by the population).
General Assembly	An Extraordinary General Assembly and / or an Ordinary General Assembly. "General Assembly" shall mean any Company general assembly.
General Authority for Competition	The General Authority for Competition of Saudi Arabia, the Kingdom's regulator of the Competition Law and its regulation in the Kingdom.
GOSI	General Organization of Social Insurance in Saudi Arabia.
Government, Saudi Government, government or Saudi government	Government of Saudi Arabia, with "Governmental" interpreted accordingly.
Group	BinDawood Holding Company and its Subsidiaries.
H	Hijri.
Haramain Area	The area near the two holy Mosques of Makkah and Madinah in the Kingdom of Saudi Arabia.
Head Office	The office in which the Company's executive management and key managerial and support staff are based, located at Alaziziya, Main Road, Makkah, P.O. Box is 51280, Saudi Arabia.
Hypermarket	Any Store whose Total Area exceeds 5,000 square meters.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board.
IFRS-KSA	IFRS, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, comprising IFRS with additional requirements and disclosures added by SOCPA and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
Individual Investors	Individuals who are Saudi Arabian nationals, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Reveiving Agents.
Individual Investors Subscription Form	The subscription form used by Individual Investors to apply for Offer Shares during the offering period for Individual Investors.
Issuer	BinDawood Holding Company.

Participating Parties	Means: (a) public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; (b) persons authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules; (c) clients of a person authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (d) legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center with the exception of non-resident foreign investors, other than Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with the CMA Circular No. 6/05158, dated 11/8/1435H (corresponding to 9/6/2014G), issued pursuant to the CMA Board Resolution No. 9-28-2014, dated 20/7/1435H (corresponding to 19/5/2014G), as amended; (e) Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; (f) companies owned by the Government, directly or through a portfolio manager; and (g) GCC companies and GCC funds if the terms and conditions of the fund permit it.
Participating Parties Subscription Form	The subscription form used by Participating Parties to apply for Offer Shares during the bookbuilding period; this term includes (as the case may be) the appendix application form when changing the price range.
ISO	International Organization of Standardization.
IT	Information technology.
Key Suppliers	The Company's 25 largest suppliers by cost of purchases (the ranking and composition of which are based on the contribution to the Company's total gross purchases for FY19G).
KPMG	KPMG Al Fozan & Partners (Certified Public Accountants).
KSA, the Kingdom, Saudi Arabia or Saudi	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Arabian Labor Law issued under Royal Decree No. M/51 dated 23/8/1426H (corresponding to 27/9/2005G), as amended.
Lead Manager	NCB Capital Company
Like for Like or LFL	Growth as measured by Stores which have been operational for more than 12 months in each relevant year but may have been opened for only part of the year in the previous year.
Listing	Listing of all the Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) as amended pursuant to resolution number 1-104-2019 dated 1/2/1441H (corresponding 30/09/2019G), as amended.
Lock-up Period	In the case of the Company, the six-month period during which the Company may not list any Shares in the same class as those already listed, and in the case of the Substantial Shareholders, the 24-month period during which each Selling Shareholder may not dispose of any of their Shares, in each case starting from the commencement of trading of the Shares on the Exchange. Following the Lock-up Period (as applicable), the Substantial Shareholders are free to dispose of their Shares.
Management	The executive directors and Senior Executives of the Company.
Market Research Consultant	Euromonitor International Ltd.
Market Study	The market study in relation to the Grocery Retail Market in Saudi Arabia dated 18 December 2019G and prepared by the Market Research Consultant.

MENA	Middle East and North Africa.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in Saudi Arabia.
MOC	Ministry of Commerce in Saudi Arabia.
MOMRA	Ministry of Municipal and Rural Affairs in Saudi Arabia.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors.
Non-Food Products	The non-food products (excluding non-food FMCG products) sold in the Company's Stores, comprising: (i) household and homeware goods; (ii) textiles and clothing; (iii) toys; (iv) home appliances; (v) electronics; and (vi) bags and accessories.
Offer Price	SAR 96 per Share.
Offer Shares	22,860,000 Shares.
Offering	The initial public offering of the Offer Shares.
Official Gazette	Um Al Qura, the official gazette of the Government of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017G) based on the Capital Market Law, as amended by resolution number 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G).
Participating Parties	Means: (a) public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; (b) persons authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules; (c) clients of a person authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (d) legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center with the exception of non-resident foreign investors, other than Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with the CMA Circular No. 6/05158, dated 11/8/1435H (corresponding to 9/6/2014G), issued pursuant to the CMA Board Resolution No. 9-28-2014, dated 20/7/1435H (corresponding to 19/5/2014G), as amended; (e) Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; (f) companies owned by the Government, directly or through a portfolio manager; and (g) GCC companies and GCC funds if the terms and conditions of the fund permit it.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 30/12/2012G), as amended.

Public	Persons other than the following: (a) affiliates of the Company; (b) Substantial Shareholders; (c) Directors and Senior Executives; (d) directors and senior executives of the affiliates of the Company; (e) directors and senior executives of the Substantial Shareholders; (f) any relatives of the persons referred to in ((a), (b), (c) (d) or (e)) above; (g) any company controlled by any person referred to in ((a), (b), (c), (d), (e) or (f)) above; and (h) persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to an authorized person to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Ramadan	The Holy month of Ramadan.
Receiving Agents	National Commercial Bank and Al Rajhi Bank.
Regulation S	Regulation S under the Securities Act issued by the United States of America in 1933 (and any amendments thereto).
Related Party Transactions	Transactions entered into between the Company and its Related Parties as set out in Section 12.7 ("**Transactions and Contracts with Related Parties**").
Related Party(ies)	In this Prospectus and pursuant to the Glossary of defined terms used in the regulations and rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended pursuant to the CMA Board Resolution No. 1-104-2019, dated 1/2/1441H (corresponding to 30/9/2019G), a "related party" includes any of the following: (a) affiliates of the Company; (b) Substantial Shareholders; (c) Directors and Senior Executives; (d) directors and senior executives of an affiliate of the Company; (e) directors and senior executives of Substantial Shareholders; (f) any relatives of the persons described in paragraphs (a), (b), (c), (d), and (e); or (g) any company controlled by any person described in paragraphs (a), (b), (c), (d), (e) and (f). In paragraph (g), "control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% of more of the members of the governing body, and a "controller" shall be construed accordingly.
Relatives	A "relative" includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations a "relative" includes any of the following: (a) fathers, mothers, grandfathers, grandmothers and ancestors thereof; (b) children, grandchildren and descendants thereof; (c) brothers, sisters and half-siblings; and (d) husbands and wives.
Retail Subscription Form	The retail subscription application form to be completed by Individual Investors in order to subscribe for the Offer Shares during the Retail Offering Period.

Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA's Board pursuant to Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G) by Resolution No. 1-3-2018 dated 22/4/1439H (corresponding to 9/1/2018G) issued by the CMA's Board.
Saudi GAAP	Accounting standards generally accepted in the Kingdom and other standards and pronouncements that are endorsed by SOCPA.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
Saudization	Saudization requirements applicable in Saudi Arabia with respect to the labor market.
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Secretary	The secretary of the Board of Directors.
Securities Act	The United States Securities Act of 1933, as amended.
Selling Area	The area, in square meters, in which the Company sells its products or services in its Stores.
Selling Shareholders	The Shareholders whose names and ownership percentages are set out in Table 1-6 ("**Direct Ownership of the Company Pre- and Post-Offering**") who will sell some of their Shares in the Offering.
Senior Executives	Members of the Company's senior management whose names are set out in Table 5-6 ("**Senior Management Details**").
Shareholder	Any holder of Shares or other ordinary shares in the Company.
Shares	Any fully paid ordinary share of the Company with a nominal value of SAR 10 per share in the capital of the Company in issue from time to time.
SKU	A stock keeping unit, or a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise.
SOCPA	Saudi Organization for Certified Public Accountants.
Stores	The building premises in which the Company's Selling Areas are located.
Subscriber(s)	Any Participating Party or Individual Investor
Subscription Form	The Participating Parties Subscription Form or the Individual Investor Subscription Form.
Subsidiaries	The Company's subsidiaries, which are as follows: • BinDawood Superstores Company; • Danube Company for Foodstuffs and Commodities; and • Danube Star for Bakery and Marketing.
Substantial Shareholder	A person who owns 5.0% or more of the Shares.
Supermarket	Any Store whose Total Area is not less than 1,000 square meters and not more than 5,000 square meters.
Supplier Support Incentives	(a) shelf display rental incentives (both monthly and annual) of the Company earned from the display of various products by suppliers within the Company's Stores; (b) branch opening fee incentives of the Company agreed with certain suppliers, which is recognized upon new branch openings; (c) volume based rebates incentives payable to the Company by suppliers once certain pre-agreed sales targets have been achieved; and / or (d) incentives resulting from listing fees of the Company agreed with certain suppliers, which are paid by such suppliers upon including a new SKU in one or more of the Company's Stores.
Tadawul	The Saudi Stock Exchange (Tadawul).
Total Area	The gross or total area, in square meters, by which the Company measures each of its Stores.

Underwriter(s)	Goldman Sachs Saudi Arabia, J.P. Morgan Saudi Arabia Company, GIB Capital and NCB Capital Company.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
USD or US Dollar	United States Dollar, the lawful currency of the United States of America.
VAT	Value Added Tax (also known as the goods and services tax).
VIP Customers	Any customer of the Company whose purchases are made based on (i) a purchase order from the customer, and / or (ii) an approved quotation (as regards quantity and price) from the customer for each purchase order.
Vision 2030	Vision 2030 issued in 2016G by the Saudi government.
Zakat	A form of alms-giving treated in Islam as a religious obligation or tax.
Zakat Certificates	Zakat certificates issued by GAZT.

2. RISK FACTORS

Before deciding whether to invest in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company, or that may be deemed immaterial but may nevertheless affect the Company's operations.

The Company's business, financial position, results of operations and prospects could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Directors have not identified or are currently considered not to be material, actually occur or become material. As a result of such risks or other factors that may affect the Company, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company and / or the Directors expect, or at all. Investors should consider all forward-looking statements in this Prospectus in light of these explanations and should not place any reliance on forward-looking statements (see "**Forecasts and Forward-Looking Statements**" on page iv, Section 11 ("**Declarations**") and Section 16 ("**Company Post-Listing Undertakings**").

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this section, the non-disclosure of which would affect investors' decisions to invest in any Offer Shares as at the date of this Prospectus.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The risks and uncertainties described below are presented in an order that does not reflect their importance or anticipated effect on the Company. Additional unknown risks and uncertainties or those deemed immaterial now by the Company may have the impact or consequences described in this Prospectus. The risks set out in this Section 2 ("**Risk Factors**") do not purport to be: (a) a complete or composite list of all risks which may affect the Company or in any case its operations, activities, assets or markets in which it operates; and / or (b) an explanation of all the risks involved in investing in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 The impact of the number of consumers or levels of consumer spending on the Company's business

The Company's revenues depend on the level of merchandise sales from its Stores to customers. Accordingly, the financial success of the Company's Stores are subject to general risks inherent to the retail sector. Retail sales, including in the grocery market, are subject to rapid and occasionally unpredictable changes in the behavior of customers, which may be influenced by general economic conditions, including levels of disposable income, levels of taxation (including VAT, which rose from 5% to 15% on 1 July 2020G), consumer spending (including discretionary spending on foodstuffs and dry goods), general confidence in the economy and changes in consumer preferences and demographics.

In addition, the success of the Company's business depends on its ability to maintain a comprehensive and appealing merchandise and product mix, while anticipating and responding in a timely manner to changing customer demands and preferences. Consumer demands and market trends in Saudi Arabia are changing at a rapid pace, and consumer acceptance of new products is affected by a number of factors, including prevailing economic conditions, disposable income, global lifestyle trends, price, functionality, technology, appearance and many other factors. It is possible that some of the merchandise the Company offers will never achieve widespread consumer acceptance and may become outdated. The success of the Company's operations depends on the continued ability to select products from suppliers that satisfy consumers' demands.

Fluctuations in economic factors beyond the Company's control, such as the availability of credit for consumers, prevailing interest rates, unemployment rates, salary levels and tax rates, cost of utilities, or partial or full removal of subsidies provided by the Saudi Arabian government, may also affect consumer spending and demand for products at the Company's Stores. If the Company were unable to respond to market changes, the Company's financial performance will be negatively affected.

The Company's business activities in the immediate vicinity of the Haramain Area means that changing pilgrim inflows can also affect the Company's revenues. In pilgrimage areas, the Company's revenues will also be driven by seasonal demand variations (typically involving higher demand in the Hajj season and the month prior to Ramadan and lower demand in the month following Ramadan) from temporary visitors to the area. In turn, revenues in the Company's Stores are also affected by the successful issuance of visas to pilgrims visiting these cities. Any political crisis or embargo may directly and adversely affect the flow of pilgrims into Saudi Arabia. The Company's Stores in Ahsa were adversely financially impacted in 2017G by the suspension of diplomatic relations between Saudi Arabia and Qatar, since these Stores attracted customers from Qatar. The Company's Stores in Abha and Jizan were also impacted by disruption on account of cross-border artillery activity from the Yemen border.

In addition, due to the COVID-19 pandemic, two Company Stores were closed temporarily for five and two days respectively, while five Company Stores were closed in the Haramain Area during the period from March 2020G. Only two of the five Stores have since been reopened in the Haramain Area, due to the significant decrease in the number of Hajj and Umrah pilgrims as a result of COVID-19. For further details, please refer to Risk Factor 2.1.17 ("**Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19**").

In addition, developments affecting the areas in which the Company's Stores are situated may also affect consumer spending, including demographic changes as well as changes that affect easy access by consumers. The vast majority of consumers depend on private cars or taxis to reach the Company's Stores. The closure or transfer of roads due to maintenance or infrastructure works carried out on the roads or surrounding areas leading to the Company's Stores are beyond the Company's control, and may lead to a negative impact on the number of consumers shopping at the Company's Stores. In addition, any changes in the demographic composition of consumers living near or around specific Stores, including changes in average income levels and brand preferences among consumers, may adversely affect consumer spending.

New retail trends, changes in consumer behavior and methods of shopping may also adversely impact the Company's business and results of operations. For instance, the adoption of e-commerce within Saudi Arabia is currently growing significantly and therefore, over time, consumer spending may become increasingly allocated to online and mobile applications as well as other alternative retail channels. A shift in spending towards e-commerce and other alternative retail channels may lead to a decline in consumer traffic in the Company's Stores, which would result in, among other things, a decline in consumer spending at the Company's Stores.

Any decline in consumer traffic or spending as a result of any of the foregoing factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.2 The Company's reliance on certain Key Suppliers

The Company's business depends largely on merchandise items for resale that are purchased through more than 3,500 suppliers. In particular, the Company's top 25 suppliers of 2019G (identified based on gross purchases for 2019G) represented 40.0%, 41.7% and 43.2% of the total gross purchases made by the Company incurred for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively (of which the Company's top 10 suppliers of 2019G accounted for 26.6%, 26.0% and 26.8% of total gross purchases made for the same periods, respectively). In most cases, the Company regulates its relations with its suppliers under supply agreements whose terms are for one to two years, a substantial portion of which have no automatic renewal provisions or no unilateral renewal rights by the Company. Of the 25 contracts entered into with Key Suppliers, 18 contracts are not in line with the Company's supply contract model, including eight of which that have expired and have not been renewed by the Company as at the date of the Prospectus. If any one of the Company's Key Suppliers were to fail to renew its supply agreement with the Company, or renew on less favorable terms for the Company, this could adversely affect the Company's business, results of operations, financial condition and prospects.

Moreover, most of the Company's Key Supplier supply contracts do not include compensatory rights that compel Key Suppliers to compensate the Company for losses resulting from defective products that may harm consumers, or other issues related to product liability. If consumers do file lawsuits against the Company for harmful or defective products previously sold in its Stores, the Company lacks the contractual right of recourse against the Key Supplier in question, and therefore the Company will bear the consequences of lawsuits filed against it, which will adversely and materially affect its business, results of operations, financial condition and prospects.

Eight of the Company's current supply contracts with Key Suppliers either do not refer to the annexes attached thereto, refer to the annexes but do not have them attached, or refer to terms but do not define them, as follows:

i. agreements signed with 3 of the Key Suppliers state that the relevant supplier is subject to a 10% penalty if purchase orders are not delivered on time in accordance with the Service Level Agreement. However, "Service Level Agreement" is neither defined nor attached;

ii. agreements signed with 4 Key Suppliers refer to a "Space Lease Agreement" without defining the latter or attaching a copy thereof;

iii. the agreement signed with one of the Key Suppliers states that "the Second Party shall retain 26% of the investments (real income) against total purchases for 2018G after achieving the last tranche. This includes gradual discounts based on achieving the targeted purchases, and in case of difference, the latter shall be settled and discounted at the end of the year. It is not clear what is meant by the obligation to maintain a proportion of the investment based on real income;

iv. two attachments titled "Class Branding" and "Trade Exchange" have been attached to two supply agreements. However, these two agreements do not refer to these annexes;

v. two supply agreements refer to a joint business plan without specifying or attaching these plans; they also do not include Attachment A regarding the offer site, nor do they refer to Attachment D that specifies annual sales targets;

vi. two supply agreements refer to "agreements concluded between the two parties." However, these agreements are neither defined nor attached to the aforementioned agreements;

vii. the Company is not in possession of the supplements titled: ("Terms and Conditions" and "SOS Trademark for the years 2019G and 2020G" and "Secondary Vision") of the agreements concluded with one of the suppliers;

viii. according to an agreement concluded with one of the suppliers, the latter undertook to provide "delivery services" to the warehouses of Danube and BinDawood Superstores Company, without defining the term "delivery services";

each of which could give rise to disputes, and have a negative and material impact on relationships with the Company's Key Suppliers.

In addition to the above, not all of the Company's existing supply contracts contain all material supply terms expressly, such as representations that the suppliers obtained permits for the supply of the products from the Saudi Food and Drug Authority and other competent government authorities and the inspection of the quality of the products upon delivery. In some instances, the terms included in the supply contracts are ambiguous, such as terms relating to pricing, the mechanism for calculating discounts and delivery of the products, which could give rise to disputes with the relevant suppliers. In addition, four of the Company's supply contracts with Key Suppliers contain discrepancies between the Arabic and English versions and do not contain any prevalence of language provisions.

The aforementioned discrepancies include the following: (1) under the agreements concluded with one of the suppliers: (a) BDSS was erroneously defined as Danube Company in the English version, (b) the customer code differs between the two versions, (c) the terms of the two agreements expire on 31 December 2021G, in the English version, while their term ends on 31 December 2020G in the Arabic version; (2) under one of the agreements, the term "stores" was defined in the English version as being Danube stores, while it was defined in the Arabic version as BDSS; (3) in the agreements concluded with one of the suppliers, the English version states that rebates are deducted on a quarterly basis, while the Arabic version states that they are deducted every 3 months; (4) the Company's supply contract form states that the supplier shall provide a credit notice equivalent to the value of rebates within ten working days without specifying when said period starts. Unlike the English version, the Arabic version states that, based on the rebates, the supplier shall issue an invoice within a period not exceeding ten days, without specifying when said period starts or whether the said period is ten working days or otherwise. Moreover, 11 of the supply contracts with Key Suppliers also do not identify Danube and BDSS by their correct names. Additionally, the commercial relationships with seven Key Suppliers are not governed by a formal contract and are based on prices and discounts schedules executed by the parties or on short emails limited to commercial terms (for more information about commercial relationships with Key Suppliers not covered by formal written contracts, please refer to Section 12.6.2.2 ("**Summary of main terms of arrangements with Key Suppliers not subject to supply contracts**"). This could also be a source of dispute, which could materially and adversely affect relationships with the Company's Key Suppliers.

The Competition Law issued by Royal Decree No. (M/75) dated 29/6/1440H (corresponding to March 6, 2019G) and Implementing Regulations thereof issued by the General Authority for Competition under Resolution No. (337) dated 25/1/1441H (corresponding to September 24, 2019G) prohibits practices (including agreements or contracts concluded between establishments, whether written or oral, express or implied) whose purpose or impact is detrimental to competition, including the practice of setting or displaying commodity prices, service fees, and terms of sale or purchase. The terms of the following Company supply agreements may not be compatible with the Kingdom's Competition regulations:

i. supply contracts provide for discounts granted by the supplier to the Company when achieving specific sales goals. However, the General Authority for Competition has long considered that granting discounts when achieving specific sales targets constitutes a violation of the Competition Law;

ii. supply contracts include provisions relating to the allocation of shelf space to supplier products, and undertakings by Danube and / or BDSS to reserve shelf space for some agreed upon products; this type of arrangement is considered to be in violation of the Competition Law, whereby Article 5.4 prohibits "any practice that results in preventing any firm from using its right to enter or exit the market.";

iii. the Company's supply contract form contains provisions that the General Authority for Competition may consider a violation of Article 5.1 of the Competition Law (which prohibits price fixing and price recommendation), based on unofficial clarifications from certain General Authority for Competition officials, which include: (a) the purchase price of the Company and its Subsidiaries does not exceed the prevailing market purchase price; (b) provide compensation to the Company and its Subsidiaries if the purchase price exceeds the prevailing market purchase price; and (c) the exchange of strategic or sensitive business information between competitors or potential competitors, including prices (actual prices, increases, reductions or discounts to achieve goals), customer lists, production costs, production quantities, sales, production capacity, quality, and marketing plans.

If the General Authority for Competition decides to subject the Company to investigations, or if it finds that the Company violates applicable competition regulations, then the Company could be subject to fines up to 10% of the total annual value of sales that are the subject matter of the violation, or not exceeding ten million Saudi Riyals if it is impossible to estimate the turnover. In addition, the committee of the General Authority for Competition may, at its discretion, impose a fine up to three times the gains resulting from the violation and request the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated violations. Paragraph (1) of Article 19 of the Competition Law stipulates "Without prejudice to the provisions of Article 24 of the Law, anyone who violates any of the provisions of Articles 5, 6, 7 and 11 of this Law shall be punished with a fine that does not exceed 10% of the total value of annual sales subject to the violation, or not exceeding ten million riyals when it is impossible to estimate annual sales." The committee may at its discretion - replace it with a fine not exceeding three times the gains achieved by the violator as a result of the violation. As such, the Company's relationship with its suppliers, its revenues, financial condition, results of operation and prospects could be adversely and materially affected.

If the Company does not maintain its contractual relations with its Key Suppliers or its current privileges provided by these suppliers, or if any of the other foregoing factors described above were to materialize, the Company's business, results of operations, financial condition and future prospects would be adversely and materially affected.

For more information about the Key Suppliers, see Section 4.9.5 ("**Suppliers**").

2.1.3 Sustainability of the Company's Supplier Support Incentives

The Company's financial performance, particularly with respect to the profitability of the Company, is largely dependent on the commercial terms agreed with its suppliers. In particular, the Company reduces its cost of revenues from Supplier Support Incentives under the terms of its contracts with its Key Suppliers that include incentives from suppliers, as follows: (1) incentive from rental display shelves (monthly and yearly) which the company obtains from the display of various products by suppliers within the Company's stores; (2) incentive from branch opening fees, which the Company receives and is agreed upon with some suppliers and approved when opening new branches; (3) incentive from volume-based discounts paid by suppliers to the Company when achieving previously agreed sales targets; and / or (4) incentive resulting from the listing fees that the Company obtains and is agreed upon with some suppliers, which is an amount that these suppliers pay when including a new storage unit in one or more of the Company's Stores.

For more information about Supplier Support Incentives and terms of the Key Suppliers' contracts, please refer to Section 4.9.5.3 ("**Description of typical supply terms**") and Section 12.6.2 ("**Key Supply Agreements**"). Gandola income generated from the Key Suppliers accounted for 43.8% of the total Gandola income in 2019G. The level of Supplier Support Incentives may be subject to reductions in the future and / or volatility due to market conditions. In addition, if the Company is unable to maintain its competitive position in the Saudi retail grocery market, it may not be able to maintain the current commercial terms of its Supplier Support Incentives.

The financial condition of the Company's Key Suppliers may also deteriorate in the future due to a number of factors. In recent years, the economic conditions in the retail market in Saudi Arabia have been challenging and the retail industry has been negatively affected. This may result in, among other things, a reduction in the number of suppliers requesting promotional and advertising activities or a reduction in demand for shelf rental, each of which would lead to a reduction in profits of the Company from Supplier Support Incentives. If the financial condition of suppliers were to deteriorate, this could lead to a reduction in the Supplier Support Incentives generated by the Company.

If the commercial terms of the Supplier Support Incentives were to change adversely for the Company, or should the Company cease to benefit from any of the competitive advantages, the Supplier Support Incentives or the negotiation strength it has historically enjoyed in the Kingdom, the profitability of the Company may be adversely impacted and the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

2.1.4 The impact of the highly competitive industry in which the Company operates

The retail industry in Saudi Arabia, and in particular the operation of retail grocery stores in the Kingdom, is highly competitive, and the Company expects such competition to increase and intensify in the future. The Company faces competition from domestic and international operators of Stores, department stores, specialty retailers, discount stores, and other forms of retail business in the areas where the Company currently operates and where it may open new stores in the future. In particular, the Company anticipates that competition from international operators of grocery stores may increase in the future in light of recent regulatory reforms introduced in the Kingdom to encourage foreign investment.

In addition, although internet grocery retail operators remain a small portion of retail distribution in Saudi Arabia and so far their overall market penetration in the Kingdom is limited, an increasing number of leading grocery retailers are offering online ordering and home delivery services and as such, the Company also faces competition from the internet grocery retail sector.

The Company competes with other retailers in Saudi Arabia based on, among other things: price of merchandise; the degree of store brand recognition for the quality of products, services and store image; the location and size of a store; the reputation, mix and quality of the brands, merchandise and products offered; the quality of customer service; and the ability to understand and respond to customer demands in a timely manner. Some of the Company's competitors, particularly other retail chain operators, may have more financial and managerial resources than the Company does. A number of different competitive factors would have a material adverse effect on the Company's business, results of operations and financial condition, including, among other things:

- adoption of aggressive pricing strategies, popular merchandise mix, innovative store formats or retail sales methods by the Company's existing or new competitors;
- entry by new competitors into the Company's current markets and increased competition from other international and local players, including other retailers;
- two or more competitors merging or forming strong alliances and offering superior quality service at lower cost due to increased efficiency;
- utilizing innovative retail sales methods and suppliers establishing their own stores; and
- any industry shift away from hypermarket store formats in favor of supermarket store formats, which would give a competitive advantage to competitors of the Company focused exclusively or primarily on supermarket store formats.

The Company relies heavily on its chain of Stores in the Two Holy Mosques area. The Company may not be able to maintain this stronghold in the future if more operators of food and non-food stores enter the Haramain Area. This could lead to a decrease in the Company's profit margins and a loss or decrease in its market share, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company may not be able to effectively compete with present and future competitors, and changes in the competitive environment could cause a reduction in its margins and cause the Company to lose or reduce market share, and this, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.5 Risks associated with the Company's expansion strategy

The Company's future performance depends on its ability to implement its expansion strategy. Under its current strategy and as of the date of this Prospectus, the Company intends to increase its number of Stores in Saudi Arabia, with one new store planned in Jeddah in 2020G, four new Express Stores during the second half of 2021G (HHSR KAEC Station, HHSR Makkah Station, HHSR Jeddah Station, and HHSR Madinah Station), and one Hypermarket and one Supermarket in Makkah during the first half of 2021G (for more information about the Company's strategy, see Section 4.4 ("**The Company's Strategies**") of this Prospectus). However, there can be no assurance the Company will be successful in this regard. The successful implementation of the Company's plans will depend on several factors including, most importantly, the following:

- the Company's ability to identify suitable sites for new stores under terms and conditions favorable to the Company;
- the availability of sufficient financing (including through the Company's existing cash resources) on acceptable terms;
- the Company's ability to successfully integrate the new stores with its existing operations and achieve related synergies;
- the Company's ability to negotiate and obtain acceptable terms from suppliers, including its ability to negotiate with suppliers outside Saudi Arabia and secure terms acceptable and / or similar to those obtained from domestic suppliers;
- the Company's ability to introduce an optimal mix of merchandise that successfully meets local consumer preferences at attractive prices;
- the Company's ability to appropriately build out its distribution and supply chain capabilities in order to support the expansion in its store network;
- the effectiveness of the Company's marketing campaigns;
- any government or private development plans around the Company's planned sites, such as construction, which could have an adverse impact on the external traffic flow to new stores, the closure of roads and the timely implementation of such changes;
- the competition that the Company faces from incumbent and new players in its areas of operation;
- the Company's ability to hire, train and retain skilled personnel and employees;
- the Company's ability to monitor new operations, controlling costs and maintaining effective quality and service controls;
- the Company's ability to successfully integrate any newly acquired businesses from future acquisitions with the operations and culture of the Company (including its Subsidiaries); and
- favorable economic, regulatory, and market conditions, which are outside of the Company's control.

As a result of any of the above factors, the Company's revenues may not grow at the same rate as in the past and / or the Company may incur costs without benefiting from the expected revenues of new stores in the future. Accordingly, the Company's results of operations may be negatively affected if any of these factors significantly delay, prevent or hinder the Company from opening and realizing the benefits from any of its new stores. In particular, if the Company's new stores do not break even or achieve the expected level of profitability within the expected timeframe, or at all, the Company may decide to shut down some of its stores. There can be no assurance that any new store will be profitable or will achieve its projected investment returns. There is also a cannibalization risk that opening new stores could adversely affect the revenues in existing Stores located in the same city or area.

In addition, there can be no assurance the Company will be successful in the implementation of its expansion strategy in jurisdictions outside of Saudi Arabia. In particular, any international expansion of the Company's operations will depend on several factors, including the Company's ability to expand into and operate successfully in new jurisdictions (such as state members of the GCC), in respect of which the Company may not be familiar enough with the business cultures, local laws, regulations and / or customs in those jurisdictions.

Any of these factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.6 Risks associated with the Company's future revenue growth

The Company plans to expand its existing portfolio of Stores and currently has identified new sites it plans to open as new stores in the Kingdom by end of 2020G. This makes it relatively difficult to evaluate the Company's future revenue growth prospects. In the future, the Company's revenues may not grow as rapidly as in the previous years.

For Stores opened in 2017G (13 new Stores), revenues for the same year reached SAR 326.4 million, which contributed to 6.8% of total revenue. Revenues generated from these new Stores grew to SAR 544.6 million (66.9% growth as compared to 2017G) in 2018G, and this increased their contribution to total revenue to 12.0%. Although revenue from these Stores rose slightly in 2019G to SAR 568.1 million (4.3% growth as compared to 2018G), the contribution to total revenue declined slightly to 11.7%. Across the three periods from 2017G to 2019G, the revenue CAGR for new Stores opened in 2017G was 31.9%. For the six Stores opened in 2018G, revenues of the same year reached SAR 189.7 million (which represents 4.2% of the total revenue for the year ended 31 December 2018G) and then rose to SAR 284.4 million (49.9% growth as compared to 2018G) in 2019G. The contribution of these new Stores to total revenue increased slightly to 5.9% in 2019G. For the two Stores opened in 2019G, revenues reached SAR 108.8 million, which represents 2.2% of the total revenue for the year ended 31 December 2019G. Overall, for all Stores opened during these three years, revenues increased from SAR 326.4 million in 2017G to SAR 961.3 million in 2019G (71.6% CAGR), whilst contribution to total revenue rose from 6.8% in 2017G to 19.8% in 2019G. The ramp-up reflects both the annualization impact of Stores that operated for only part of the year in which they opened as also the growth normally expected before a store reaches a mature store stage, normally assumed to be during a period of up to three years after commencement of operations. For further information on the performance of Stores' revenues, please refer to Section 6.5.1.1.7 (**"Analysis of the Performance of Existing Stores and New Stores"**).

The Company may not be successful in its efforts to increase its revenue growth and its past revenue growth should not be considered indicative of its future growth. In addition, the Company may not be successful in implementing any new strategic initiatives it undertakes and may not be able to address the risks and difficulties that it may encounter in a rapidly changing and competitive market. If the demand for commercial retail in Saudi Arabia does not develop as the Company expects, or if the Company is unable to address the needs of its customers, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.7 Risks related to the seasonality of revenues

The revenues of the Company, especially those generated in the Haramain Area, are subject to seasonal variations. In general, footfall and sales are highest during public holidays and occasions (for example, prior to Eid Al-Fitr, Eid Al-Adha, National Day, the back to school period and Mother's Day). In general, the Company's level of sales increases in the month of Shaaban (i.e. the month prior to the month of Ramadan) due to consumer preparations for the month of Ramadan. Moreover, the level of sales increases in the Haramain Area due to the increase in the number of visitors and pilgrims during Hajj and Umrah. The level of sales are lowest during two different periods, the first being the month of Shawwal, due to increased consumption during the preceding two months (i.e. the month of Shaaban and Ramadan) and a portion of the population travelling abroad for the Eid Al-Fitr holidays; and the second being a period of 30 to 40 days after the Hajj season, especially for BinDawood Stores, due to pilgrims leaving the Kingdom and a decline in the number of pilgrims. The Company may not anticipate the extent of future seasonal changes in footfall and the volume of sales. For further details, please refer to Section 2.1.1. ("**The impact of the number of consumers or levels of consumer spending on the Company's business**").

Such seasonal variations in revenue may make the Company's business planning and its ability to predict its future income streams more difficult. Moreover, the Company may not be able to budget effectively with respect to its operating costs. This, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.8 Risks associated with identifying and leasing locations for new stores on commercially acceptable terms

The Company's performance depends, to a significant extent, on the location of its Stores. When selecting a site for a new store, Management takes into account various factors, including:

- population density, customer traffic and vehicle traffic;
- customer accessibility;
- potential growth of population in the Kingdom;
- development potential and future development trends;
- estimated spending power of the population and local economy;
- profitability and payback period, estimated on the basis of the expected sales potential;
- marketing or strategic benefits;
- proximity and performance of competitors in the surrounding area; and
- site characteristics and suitability with the specifications of the Company's building plans.

The Company secures locations through lease agreements, as determined on a case-by-case basis. Going forward, the Company will need to secure more locations to open more stores. The supply of locations for new stores in line with the Company's objectives may not be available. There is also a cannibalization risk that opening new stores could adversely affect the sales in existing Stores located in the same city or area. It should also be noted that competition to secure locations for new stores has intensified. In the event that the Company encounters difficulties in securing suitable locations consistent with its expansion strategy, the Company's growth prospects will be adversely affected, which, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.9 The impact of increasing operating expenses on the Company's business

The Company's operating expenditure could increase as a result of a number of factors (for more information about the financial and operational performance of the Company, see Section 6 ("**Management's Discussion and Analysis of the Company's Financial Position and Results of Operations**")), including, but not limited to, an increase in the wholesale cost of merchandise ordered from suppliers, costs of outsourcing services to service providers, labor costs, fuel and utility costs, repair and maintenance costs, insurance premiums and costs related to the increase of rents of real estate leased by the Company. The price of fuel and utilities has increased significantly in recent years (see Risk Factor 2.3.3 ("**The impact of change of prices for energy, electricity, water and related services on the Company's operating expenses**"). In addition, any further increase in Saudization requirements of the Company's workforce may lead to an increase in the Company's operational expenditure (see Risk Factor 2.3.2 ("**Compliance by the Company with Saudization and other Labor Law requirements**")). The operating expenses (comprising selling and distribution expenses and general and administration expenses as stated in the Audited Financial Statements for each respective year) of the Company amounted to 24.1%, 25.8% and 23.5% of the Company's total revenues for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. Any increases in the Company's operating costs will also reduce its cash flow, profit margin and funds available for operation of the Company's existing Stores and for future expansion. In turn, the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

2.1.10 Risks associated with the Company's Related Party Transactions

The Company maintains ongoing business relationships with several Related Parties. In particular, as at the date of this Prospectus, out of 128 lease contracts, the Company has entered into 42 Related Party leases (for further details about related-party leases, please refer to Section 12.7.1 ("**Related Party Leases**"), and for further details about the Related Party sub-leases, please refer to Section 12.7.2 ("**Related Party Sub-Leases**")). As at the date of this Prospectus, the Company has also entered into thirteen supply contracts with Related Parties as well as two online sales agreements in connection with e-commerce services with the International App Company (for more information about the supply contracts with Related Parties, see Section 12.7.3 ("**Related Party Supply Agreements**"), and for more information about the online sales agreements, see Section 12.7.4 ("**Services Agreements with International App**"). Concerning the two online sales agreements with Related Parties, please refer to Section 2.1.11 ("**Risks associated with the Company's mobile phone applications, online e-commerce platform and related online advertising activities**") and Section 12.7.4 ("**Services Agreements with International App**"). Additionally, certain Head Office functions of the Company, including information technology, administrative, insurance and projects support services, are shared with Related Parties. Prior to the execution of a shared services agreement, these arrangements were not based on formal contracts. For more information on shared services, please refer to Section 12.7.5 ("**Shared Services Agreement**").

The total value of the transactions with Related Parties amounted to SAR 176.9 million, SAR 213.6 million and SAR 182.9 million for the years 2017G, 2018G and 2019G, respectively (computed by adding transaction amounts pertaining to purchase of goods, rent charged by Related Parties (disclosed as lease payments (principal and interest) in 2019G), rent charged to Related Parties, expenses charged by Related Parties, goods transferred to Related Parties and key management compensation). Out of these transactions for each of the years 2017G, 2018G and 2019G respectively, purchases of goods from Related Parties represented 1.8%, 2.7% and 1.9% of total gross purchases made. Furthermore, rent charged by Related Parties represented 21.1% and 21.6% of the total rent expenses for 2017G and 2018G, respectively. For 2019G, lease payments to Related Parties (principal and interest) represented 22.5% of the total payments against lease liabilities. Rent charged to Related Parties for each of the years 2017G, 2018G and 2019G respectively, represented 7.9%, 11.4% and 12.4% of total other operating income. Apart from these transactions, goods have been transferred to Related Parties which were limited and immaterial as they represented 0.04%, 0.01%, and 0.05% of sales revenue for each of the three years ending 2017G, 2018G and 2019G respectively. For more details, please refer to Section 6 (**"Management's Discussion and Analysis of the Company's Financial Position and Results of Operations"**). In addition, for a summary of Company's transaction with Related Parties, see Section 12.7 (**"Transactions and Contracts with Related Parties"**).

The entry by the Company into Related Party transactions are regulated by relevant Saudi laws and regulations. Prior to 2019G, a number of terms under certain of the Company's contracts with Related Parties were not on an arm's length basis. For the Company's historical leases with Related Parties, the principal terms include the following: (i) the landlord may at any time during the term of such leases increase or decrease the rent amount by 7% to 10% in accordance with any material changes in market prices; (ii) no right of termination for the tenant in the event the landlord breaches its obligations under the lease; (iii) no period of time has been allocated to the tenant to rectify any breaches (such as non-payment of rent) prior to the landlord exercising its right of termination; and (iv) all of the leases set out that the tenant has the right to assign (upon obtaining the prior written consent of the landlord) but has no right to sub-lease the leased premises. For the Company's historical supply contracts with related parties, the Company is entitled to receive a guaranteed profit margin which may be adjusted to conform to the prevailing gross margins of similar products sold in the market.

As at the date of this Prospectus, all current Related Party transactions of the Company (as of 2019G) are on an arm's length basis. However, prior to 2019G, the Company had concluded Related Party transactions which are not deemed to be on an arm's length basis. To the extent that the Company enters into contracts with any Related Parties which are not on arm's-length terms and/or in the event such transactions transfer undue benefits to Related Parties of the Company, this could negatively affect the Company's costs and revenues which would, in turn, adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company's future success is also dependent on the continuation of its business relationships with related parties and the expiry or termination of any material related party contract or relationship would adversely and materially affect the Company's business, results of operations, financial condition and prospects. There can be no guarantee that the Company will be able to renew its contracts with such related parties. If any of the related parties do not renew the agreements entered into with the Company or renew these agreements but under conditions that are not in line with the Company's objectives, this would adversely affect the Company's business. Under Article 71 of the Companies Law those related party agreements in which any Director is deemed to have an interest will need to be approved by the General Assembly. It is also required that any Director and / or shareholder of the Company, who is deemed to have an interest (such as a shareholder who has a representative director on the board), cannot participate in the approval process for such Related Party Transaction(s). Given the scope of the voting restrictions applicable to the General Assembly approvals pursuant to Article 71 of the Companies Law as interpreted by the Company, no current Shareholder would be permitted to vote on the relevant resolutions at the General Assembly.

There is a risk that the Company's Board or the General Assembly of the Company or any of its group companies may not agree on the approval of these contracts in which case the Director who is deemed to be interested in the transaction must resign, or take steps to ensure that he/she is no longer deemed to be interested (for example by terminating the relevant contract or disposing of the rights creating the interest). Due to the Company's significant reliance on such contracts, their termination would have a negative and material impact on the profitability of the Company and consequently on its business, results of operations, financial condition and prospects.

2.1.11 Risks associated with the Company's mobile phone applications, online e-commerce platform and related online advertising activities

The Company uses two online mobile applications, one for the "BinDawood" brand and the other for the "Danube" brand, to enable online sales of its products to customers. These applications were developed and are owned by International App Company, a Related Party of the Company. Each of Danube and BinDawood have entered into identical services agreements with International App Company, under which International App Company provides services to support Danube and BinDawood's online platforms. For a summary of the key terms of these agreements, please refer to Section 12.7.4 ("**Services Agreements with International App**").

For the years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, the Company generated 0.2%, 0.7% and 1.3% of its total revenues, respectively, through sales via the BinDawood and Danube Apps together. In addition, the Company relies on the Danube Online e-commerce platform (www.danube.sa.) under the agreement with International App Company to enhance its sales and also relies on a variety of other media for promotional activities, including social media (such as Facebook, LinkedIn and YouTube) and national television advertisement campaigns to promote its brands.

The operation of the Company's mobile applications and online platforms carries a number of risks. In particular, there can be no guarantee that the Company's agreements with International App Company will continue on arm's length terms in the future after their initial terms and / or that International App Company will comply (whether partially or in full) with their respective terms and obligations (for more details, please refer to Section 2.1.10 "**Risks associated with the Company's Related Party Transactions**"). These agreements stipulate that Danube and BinDawood may terminate the service agreement if Amjad United Company were no longer under the control of Majed M. AlTahan. Moreover, the e-commerce sector is growing rapidly in Saudi Arabia and is therefore exposed to a number of risks, including the potential introduction of new regulatory restrictions in respect of online commercial activities under the E-Commerce law and its implementing regulations, especially regarding matters related to protection of customer personal data (such as not selling customer personal information by the Company or the International App Company), including on matters concerning privacy and advertising. The Company may not be able to comply with such laws and regulations in a timely manner, which may expose the Company to regulatory sanctions and fines, such as warnings, financial penalties that do not exceed one million Saudi riyals, or a temporary or complete prohibition on the Company from conducting its business. For more details, please refer to Section 12.7.4 ("**Services Agreements with International App**").

If any of the foregoing risks were to materialize, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.12 Regulatory risks and risks related to permits, licenses and approvals necessary for the Company's business operations

The Company is required to obtain and maintain the necessary regulatory permits, licenses and approvals from relevant government authorities for its business operations and activities. These permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company and branches issued by the MOC, trading licenses issued by various municipalities, civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, Saudization and GOSI certificates in each case relating to the business operations of the Company. See Section 12.5 ("**Government Consents, Licenses and Certificates**") for further information.

In order to operate a new store, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, the Ministry of Municipal and Rural Affairs' licenses and civil defense permits. Each approval is dependent on the satisfaction of certain conditions. The Company could encounter problems in obtaining government approvals or in fulfilling the conditions required for obtaining these approvals, or it may not be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the retail grocery industry in general or the particular processes with respect to the granting of approvals.

In addition, the Company and its Subsidiaries have obtained licenses from MOMRA and civil defense for the majority of its Stores. However, as at the date of this Prospectus, BDSS and its warehouse have 21 expired permits out of 28 civil defense permits and Danube and its warehouse have 32 expired permits out of 48 civil defense permits. Furthermore, the Saudi Food and Drug Authority license obtained for BDSS's and Danube's Bahra warehouse has expired. For further details about the expired civil defense permits for BinDawood Stores and Danube Stores, please refer to Table 12.15 (**"Details of expired civil defense permits of the Company and its Subsidiaries"**). For further details about the Saudi Food and Drug Authority licenses obtained by the Subsidiaries, please refer to Table 12.14 (**"Details of the Saudi Food and Drug Authority Licenses Obtained by the Subsidiaries"**).

As at the date of this Prospectus, there are also three licenses that the Company has not yet obtained from civil defense for BDSS (Taiba, Valley Center, Bin Jalala 3), in addition to six licenses for Danube branches (Central Park Al Salam, Jawharat Abha, Ravala Plaza, Hail, Al Ma'athar - Al Takhasusi 1, Riyadh warehouse) and two licenses for Danube Star branches (Takhasusi Road, and Northern Al-Aziziyah, Main Road, Salhiya Complex) since the establishment of the relevant Stores or branches, as well as one municipal license that the Company has yet to obtain from MOMRA for Danube (Riyadh warehouse) and three MOMRA licenses for Danube Star branches (Takhasusi Road, Al-Thuraya district located East of the Air Base Bridge, and Northern Al-Aziziyah, Main Road, Salhiya Complex) since the establishment fo the relevant Stores or branches. Moreover, as at the date of this Prospectus, the Company has yet to obtain a license from the Saudi Food and Drug Authority for Danube's warehouse located in Riyadh, and for Danube Star Company's warehouse located in Briman. For more information about the Company Stores, please refer to Table 4-33 (Overview of the Company's Stores), and for more information about government consents, licenses and certificates, please refer to Section 12.5 (**"Government Consents, Licenses and Certificates"**).

Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which might adversely affect the Company's performance.

If the Company does not obtain or renew a license necessary for its operations, or if any of its licenses expire or are suspended, renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant governmental authorities, including fines up to SAR 30,000 from civil defense or SAR 5,000 from MOMRA for each infringing location. This would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.13 Maintaining the reputation of the "BinDawood" and "Danube" brands

The Company believes that its success depends in part on its ability to maintain the image of the "BinDawood" and "Danube" brands and its reputation for providing high-quality Stores and products for its customers. Quality and health and safety issues (or any accidents at the Company's Stores), actual or perceived, even when false or unfounded, could damage the reputation of the BinDawood and Danube brands. This could lead to negative publicity for the Company and / or may cause customers to switch to competitors resulting in a loss of customers, in turn leading to a decline in the Company's market share and revenues.

In addition, adverse publicity relating to activities by the Company's Board, shareholders, Management, Related Parties, suppliers, employees, contractors or agents, such as customer service mishaps or non-compliance with laws and regulations, could tarnish the reputation of the Company and reduce the value of the BinDawood and Danube brands. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond. Damage to the reputation of the Company and its two trademarks could lead to a decrease in the demand for products at the Stores, which would adversely and materially affect the Company's business, results of operations, financial conditions and prospects.

2.1.14 Risks relating to real or perceived quality or health issues with the products offered at the Company's Stores

Concerns regarding the safety of products offered at the Company's Stores or the safety and quality of the Company's supply chain could cause the Company's customers to avoid purchasing certain products from the Company's Stores, or to seek alternative sources, even if the basis for the concern is outside of the Company's control. Adverse publicity about these concerns, whether or not ultimately based on factual assertions, and whether or not involving products sold at the Company's Stores, could discourage customers from buying the Company's products and have a material and adverse effect on the Company's business, results of operations, financial condition and prospects. In addition, the Company's operational controls and employee training may not be effective in preventing food-borne illnesses, food tampering and other food safety issues (including the risk of failure to detect expired food items from suppliers) that may affect its operations.

Incidents related to the safety and quality of the products or ingredients displayed in the Stores may occur in the future, which may result in product liability claims, product recall, negative publicity, fines from the Saudi Food and Drugs Authority and MOMRA or closure of the Stores, and materially and adversely affect the Company's reputation, business, financial condition and results of operations.

2.1.15 Protecting certain trademarks on which the Company relies

The Company has registered 56 trademarks in Saudi Arabia and outside Saudi Arabia on which it relies, details of which are set out in Section 12.10.1 ("**Trademarks**"). As at the date of this Prospectus, the Company is currently in the process of registering the trademark related to BinDawood Holding Company and Danube Star. In the event the Company is unable to register or renew its trademarks, or in the event a third party objected to the registration of a trademark, this would affect the Company's operations, financial condition and results of operation. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event the intellectual property rights related to the Company's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.16 Operational risks and unexpected interruptions to the Company's business

The Company's success depends significantly on the continuous, trouble-free operation of its Stores. The operation of the Company's Stores is prone to a number of risks, including severe weather conditions, physical damage to buildings, power failures, breakdowns, failure or substandard performance of equipment, the possibility of work stoppages, criminal incidents, civil unrest, natural disasters, fires and explosions, and other potential hazards associated with operating Stores. In February 2017G, a fire occurred in the BinDawood Store located at Heraa Street in Jeddah, which did not cause any injuries to the Company's employees, but damaged some of the Company's products. All damages from this incident have been covered by the Company's insurance. There is no guarantee that accidents will not occur in the future. Given the high number of consumers who visit the Company's Stores on a daily basis, such an event could have serious consequences, including fatalities. In addition, due to the COVID-19 pandemic two Company Stores, were temporarily closed (Danube Store in Al Salam Mall in Jeddah and BinDawood Store in the Kakia neighborhood in Makkah) in April 2020G and five Company Stores were closed in Haramain in March 2020G in the Haramain Area. Only two of the Company's five Stores in Haramain Area have since been reopened, due to the significant decrease in the number of Hajj and Umrah pilgrims as a result of COVID-19 (for further details, please refer to Risk Factor 2.1.17 (**"Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19"**). The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business, which could affect adversely and materially the Company's business, results of operation, financial condition and prospects.

In addition, disruptions to the delivery of products to the Company's warehouses and Stores may occur for reasons such as poor handling or transportation bottlenecks, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products, materially and adversely affecting the Company's business, profitability and reputation. The Company's revenues may be reduced due to losses or the cancellation of important orders as a result of shortages or unavailability of particular products demanded by customers due to disruptions to the Company's supply chain. These interruptions may also disrupt product availability and in-stock management, which could result in reduced sales or an increase in costs and affect adversely and materially the Company's business, the results of operation, financial condition and prospects.

If there were a significant interruption of operations at one or more of the Stores, the Company's revenues and profitability would be affected, which would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

2.1.17 Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Novel Coronavirus (COVID-19) in the Middle East and / or elsewhere would have a materially negative impact on the Kingdom's economy and business operations of the Company. Since late December 2019G, there has been an outbreak of COVID-19, first in China and then globally. COVID-19 is an infectious disease caused by a highly contagious virus causing respiratory infection and other symptoms such as fever, cough and shortness of breath.

Following the outbreak of COVID-19, governments in numerous countries have implemented travel restrictions and / or mandatory quarantine measures on international travelers and, in many cases, on residents within cities, regions or provinces of certain countries. As at the date of this Prospectus, the Saudi Government has implemented a range of containment measures in response to the outbreak. These include:

- the temporary suspension of visas to foreign religious tourists intending to visit Makkah and Madinah for Hajj and Umrah;
- the temporary restriction on all Saudi resident Hajj and Umrah pilgrims from visiting Makkah and Madinah;
- the temporary suspension of all flights (international and domestic) and inter-urban bus, taxi, and train service;
- the temporary suspension until further notice of travel between regions and cities within Saudi Arabia;
- the suspension of attendance at workplaces in all government agencies, except for the health, security, and military sectors, as well as the National Cyber Security Center;
- the temporary suspension of attendance in the private sector, with the exception of vital sectors, such as health and food;
- full curfew in all cities of Saudi Arabia (where there is a concentration of cases), including Makkah, Madinah, Riyadh and Jeddah;
- the imposition of restrictions on the times allowed to carry out economic and commercial activities for wholesale and retail stores, as well as malls;
- the closure of all public spaces except as otherwise formally directed (including entertainment venues and malls) in the Kingdom;
- full or partial curfews in a number of cities and regions of the Kingdom; and
- the temporary closure of all schools and universities in Saudi Arabia.

There can be no assurance that the containment measures outlined above will be effective in stopping or curtailing the spread of COVID-19 in the Kingdom. Moreover, the containment measures outlined above would have a material and adverse effect on the Saudi economy and investor and business confidence for a period which is difficult to predict. This would, in turn, materially and adversely affect the Company's business, results of operation, financial condition and prospects.

As a result of the Saudi Government containment measures and guidelines issued by the Ministry of Health, the Company has implemented a series of precautionary health and safety measures across its Stores. These measures include social distancing requirements for customers at its Stores and sanitization across a number of Stores (which has required, in some limited instances, the temporary closure of certain Stores). For example, one Danube Store in the Al Salam Mall in Jeddah and one BinDawood Store in the Kakia neighborhood of Makkah were temporarily closed by the Company in April 2020G for five days and two days, respectively, due to an employee in each Store testing positive for COVID-19 and the presence of suspected contact between a number of employees. The Company also closed five Stores in Haramain in March 2020G in the Haramain Area as a result of the restrictions imposed by the Saudi Government to halt the spread of the COVID-19 pandemic. Only two of the Company's five Stores in Haramain Area have since been reopened, due to the significant decrease in the number of Hajj and Umrah pilgrims as a result of COVID-19. This led to a decrease in revenue for these Stores during their respective periods of closure, and the Company carried out sanitization while the Stores were closed.

Furthermore, the Company generates a portion of its revenues from its BinDawood Stores in the Haramain region with Hajj and Umrah pilgrim visitors. The Saudi Government's temporary suspension of all Umrah pilgrims and limiting the number of Hajj pilgrims (not exceeding ten thousand pilgrims) to these cities will significantly adversely affect the Company's revenues generated by its BinDawood Stores located in these cities. The Government-imposed curfews and in-Store social distancing requirements may also lead to fewer customers shopping at the Company's Stores in other cities across the Kingdom, which may adversely affect the Company's revenues and business. In addition, the international travel restrictions imposed by the Saudi Government would negatively impact Management's ability to travel domestically and/or internationally. This would, in turn, materially adversely affect Management's ability to achieve the Company's expected levels of revenue growth going forward.

As a result of the outbreak of COVID-19 in Saudi Arabia and elsewhere, the Company is also subject to business continuity risks. In particular, the supply of certain international products purchased by the Company could be suspended, delayed or otherwise adversely affected from relevant suppliers based in materially affected countries, including in China and several European countries. In addition, if any of the Company's Directors, Senior Executives or other employees contract COVID-19, the operation of the Company's Stores would be required to be temporarily suspended and / or the affected individuals would be subject to quarantine. This would, in turn, disrupt the normal operations of the Company's business. The prolonged occurrence of COVID-19 could, in extreme circumstances, lead to the forced suspension of operations or closure of the Company's Stores.

Any of the foregoing would also apply to future outbreaks of other infectious diseases or serious public health concerns in Saudi Arabia. Any of the foregoing factors (including any future outbreak) would have a material adverse impact on the Company's business, results of operation, financial condition and prospects.

2.1.18 Risks related to housing employees of the Company during the COVID-19 pandemic

As a result of the COVID-19 global pandemic as set out in Section 2.1.17 ("**Risks relating to the outbreak of an infectious disease or other serious public health concerns, including the continuing global spread of COVID-19**"), the Company has implemented certain precautionary protective measures with respect to the Company-provided accommodation for its and its Subsidiaries' employees. These measures include the following:

- securing additional rented employee accommodation buildings in order to reduce employee occupancy per room and ensure social distancing, with a limit of two to four occupants per room depending on room size;
- the segregation of employees per department to reduce the spread of COVID-19 among employees and / or the risk of it spreading to other departments;
- using temperature check points at the entrance and exits of the accommodation buildings to check the temperature of each employee entering and leaving the buildings;
- enhanced sanitization measures in each room, comprising sanitizers, facemasks and gloves;
- dedicated washroom facilities per room to ensure limited employees per washroom and increased cleaning of employee washroom facilities;
- social distancing measures enforced on employee buses from their accommodation to the Stores and vice-versa (involving more bus trips to ensure social distancing can be maintained), together with regular and thorough sanitization of buses; and
- increased security patrols in the accommodation areas to ensure full compliance of applicable guidelines and regulations issued by the Saudi Government, including gathering restrictions and home quarantine for certain employees, as well as curfews.

Government agencies may require the Company to take additional precautions, which may be more stringent than the above, with regard to housing Company employees. This may lead to the Company incurring additional labor costs, fuel, water and electricity consumption costs, repair and maintenance costs, sterilization costs, costs relating to employees' temperature check points and protective clothing (such as masks and gloves), insurance premiums, and lease costs pertaining to properties rented by the Company, all of which would have a material adverse impact on the Company's business, results of operation, financial condition and prospects.

In addition, there can be no guarantee that the above measures or any further measures in the future will be effective in preventing the spread of COVID-19 among the Company's employees. Notwithstanding these measures, there is a risk that COVID-19 infections could spread quickly among the Company's employees at their accommodation. If such infections were to occur, this in turn may lead to a shortage of employees to operate the Company's Stores, which would prevent the Company from adequately fulfilling consumers' desires, and in turn affect the numbers of consumers. In addition, restrictions on international flights may affect the Company's capacity to attract new employees, which would delay the opening of its new stores, while it will be difficult to find alternative employees to replace those who are quarantined. Any of the aforementioned factors may affect the operation and financial performance of the Stores, including a potential reduction in revenues, which would have a material adverse impact on the Company's business, results of operation, financial condition and prospects.

2.1.19 Risks related to inventory levels

The Company had a total inventory (net of provisions) of SAR 759.7 million, SAR 805.6 million and SAR 919.0 million representing 36.6%, 36.5% and 19.4%[2] of the Company's total assets as of 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. The Company made provisions of SAR 41.4 million, SAR 46.0 million and SAR 47.0 million as at 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. The Company's policy is to seek to maintain an optimal level of inventory to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of goods and merchandise, and maintaining the quality and variety of goods and merchandise available to customers. The Company also reviews inventory control methods and procedures periodically in order to minimize spoilage and overstocking of merchandise. The inventory wastage percentage was 9.6%, 8.9%, and 3.9% of the total inventory of the Company as at 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively, while the inventory shrinkage percentage was 8.5%, 10.6% and 7.5% of the total inventory of the Company as at 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively..

The Company incurred inventory wastage amounting to SAR 72.8 million, SAR 72.0 million and SAR 35.4 million for the year ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively, while the Company incurred inventory shrinkage amounting to SAR 64.4 million, 85.3 million and SAR 68.5 million for the year ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively, due to a surplus in stock levels that led to the Company's inability to move its products as expected, as well as wastage in Stores. In 2018G, three of the Company's Stores in the Western Region suffered higher than usual inventory shrinkage and wastage in the stock of Non-Food and FMCG, due to mishandling and theft of inventory. As a result, the inventory wastage percentage for these three Stores was 1.1% of total inventory wastage for the year ended 31 December 2018G, whereas, inventory shrinkage percentage for these three Stores was 2.8% of total inventory shrinkage for the year ended 31 December 2018G.

If the Company is not able to maintain optimal stock levels and monitor inventory periodically, this will lead to a severe decrease or an excess in inventory levels, leading to the Company's inability to meet consumer requirements, or sell products, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.20 Risks associated with renovation and redevelopment of the Company's Stores

The Company's existing Stores require ongoing renovation, expansion, improvement and / or redevelopment to maintain an attractive appeal to, and continued demand from, the Company's customers. As the retail grocery industry in Saudi Arabia evolves, customers may develop different expectations, tastes and preferences. These may include, for example, the expectation of new amenities (including cafes), as well as innovative design and a more diverse array of product options. The Company's existing Stores, some of which were completed over 20 years prior to the date of this Prospectus, may not be adaptable to meet such expectations, and any significant investment in renovation or improvement of the Company's older Stores may not be successful given the nature of

2 *The reason for the decrease in this percentage is the capitalization of leased assets, which led to an increase in total assets for FY19G.*

their design and construction. In addition, even where such renovations are implemented, the Company's existing Stores may not be able to compete effectively with new and more diversified stores of the Company's competitors. Any such renovations in the Stores may also result in a temporary or partial loss of revenue by the Company while renovations works are carried out. In the event the costs of the renovation, expansion and improvement works are higher than expected or in the event it is necessary to conduct the works earlier than the estimated time, the Company may not reach its targeted revenues. Moreover, the increase of costs may lead to a decrease in the Company's operating income, which could adversely and materially affect the Company's business, financial condition, results of operation and prospects.

In general, the Company undertakes major refurbishments or renovation of its Stores only when it is expected to positively and materially impact the revenues of such Stores. As at the date of this Prospectus, most of the Company's Stores are considered new, with 28 out of 73 Stores dating back 10 years or more. Nine out of these 28 stores have been renovated, and the Company intends to renovate 15 more Stores by 2022G. As at the date of this Prospectus, the Company has no plan to renew the remaining four Stores dating back 10 years or more, as the Company performs routine maintenance work on these Stores, which limits the need for large-scale renovations for these four Stores. The 45 Stores not dating back 10 years or more are considered as "new" by the Company and do not require renovation. If the Company does not undertake renovation works where required or appropriate, this could adversely impact the financial performance of those Stores. In addition, even where such renovations are implemented, the Company's existing Stores may not be able to compete effectively with newer Stores. Any such renovations in the Stores may also cause disruptions to the Company's existing product supplies due to the partial closure of a Store on a temporary basis until renovations works are completed. This may result in a temporary or partial loss of revenue by the Company while renovation works are carried out. In addition, the costs of Store renovations may exceed projected capital expenditures, which may affect the Company's budget, and adversely and materially affect the Company's business, financial condition, results of operation and prospects.

If the Company is unable to renovate and improve its existing Stores to satisfy changing customer preferences, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.21 Risks associated with the Company's use of third-party service providers

For all of its Stores, the Company employs third-party service providers to carry out a range of maintenance and ancillary services pertaining to the operations of the Company's Stores. There can be no guarantee that the Company's third-party service providers will always provide satisfactory services that meet the standards expected by the Company or that other professional advisors which are not within the control of either the Company and / or its Board will adequately perform their contractual duties. Moreover, the Company is exposed to the risk of actions resulting from third-party providers' actions causing damage or injury to members of the public and / or employees of the Company, in which case the Company may be held liable in such situations and subject to a claim for compensation. In addition, the Company may not be able to engage third-party service providers with the right experience in the places in which it operates. The Company's service providers may engage in risky undertakings, encounter financial or other difficulties, or prioritize other projects and divert resources away from the Company's Stores. Any of the foregoing may adversely affect the Company's Stores operations and management and could cause injuries to consumers. Any of these factors would have a negative impact on the Company's reputation and adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.22 The impact of the transition from Saudi GAAP to IFRS-KSA on the Company's financial statements

The Company's statutory audited consolidated financial statements included in this Prospectus for the financial year ended 31 December 2017G have been prepared and presented in accordance with Saudi GAAP. The Company's statutory audited consolidated financial statements included in this Prospectus for the financial years ended 31 December 2018G and 31 December 2019G have been prepared and presented in accordance with IFRS-KSA. There are certain significant differences between Saudi GAAP and IFRS-KSA. As compared to Saudi GAAP, the application of IFRS-KSA to the Company's audited financial statements as at and for the years ended 31 December 2018G and 31 December 2019G results in changes to the accounting treatment of various line items, including the recognition of lease expense, classification of intangible assets and the actuarial valuation of certain employee benefits. For the financial years ended 31 December 2018G and 31 December 2019G and for subsequent financial years, the adoption of IFRS-KSA may result in changes to the reported results of operations and financial condition of the Company as compared to the results of operations and financial condition had they been reported in accordance with Saudi GAAP. These changes may be material and may include changes, in addition to those described above that have not yet been identified by the Company (for more information about these changes, see the consolidated financial statements for financial year ended 31 December 2018G, attached to this Prospectus).

Furthermore, the transition from Saudi GAAP to IFRS-KSA could result in the consolidated financial statements of the Company not being easily comparable from period to period. In particular, consolidated financial statements of the Company for financial years and periods commencing on or after 1 January 2018G prepared and presented in accordance with IFRS-KSA may not be easily comparable to prior financial periods prepared and presented in accordance with Saudi GAAP. Moreover, as the application of IFRS-KSA evolves over the coming years there may be changes to the reported results of operations and financial condition of the Company. For further information on the differences between Saudi GAAP and IFRS-KSA, please refer to Section 6.5.6 ("**SAUDI GAAP to IFRS-KSA reconciliation as at and for the financial year ended 31 December 2017G**").

These changes include, but are not limited to, the revenue recognition policy due to the adoption of IFRS 15, classification method and measurement method of financial instruments and specifically the recognition policy of expected credit losses due to the adoption of IFRS 9. For more information on the impact of the IFRS 9 and IFRS 15, please refer to Section 2.1.37 ("**Risks related to the assessment of expected credit losses for receivables**").

The recent adoption of IFRS-KSA may result in erroneous or inaccurate application of these standards and, consequently, inaccuracies in the Company's consolidated financial statements. Moreover, regulatory entities may, as a result of IFRS-KSA adoption, require the application of new or amended standards as adopted in the Kingdom in the coming years, which could result in significant changes to the Company's consolidated financial statements.

Additionally, accounting standard IFRS 16 on Leases applies for annual reporting periods beginning on or after 1 January 2019G. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company adopted IFRS 16 in 2019G which impacted the Company's consolidated financial statements for the year ended 31 December 2019G as follows:

- The right-of-use assets of SAR 2,356.8 million have been recognized as at 31 December 2019G after depreciation.
- The rights-of-use assets of SAR 28.2 million have been recognized for additional leases entered into the Company during the year 2019G.
- Depreciation expense on right-of-use assets of SAR 259.6 million was charged for the year FY19 and set off against the recognized right-of-use-assets.
- Rent expense decrease of SAR 299.6 million from FY18 to FY19, as the leases for which these rents were paid earlier are now capitalized.
- Lease liabilities of SAR 2,518.4 million have been recognized as at December 2019G after principal rental and interest payments.
- Lease liabilities of SAR 27.2 million have been recognized for the additional lease entered into by the Company during the year 2019G.
- Principal rental and interest payments amounted to SAR 305.4 million for FY19, which were set off against the lease liabilities.
- Interest expense in respect of these liabilities amounted to SAR 95.9 million for FY19, which was added to the total lease liability as at 31 December 2019G.

Based on the foregoing, any of these factors may have a material impact on the consolidated financial statements of the Company going forward, which would, in turn, have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

2.1.23 Fluctuation of currency exchange rates

The Company imports (directly and indirectly) certain products from suppliers outside the Kingdom in foreign currency (primarily in US Dollar, Chinese Renminbi and European Union euros). Imported purchases represent 6.2%, 5.5%, and 6.4% of the total gross purchases by the Company for the years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. As part of the Kingdom's policy, the Saudi Riyal is, as at the date of this Prospectus, pegged to the US dollar at an exchange rates of SAR 3.75/USD 1.00. However, there is no guarantee that the Saudi Riyal will remain stable against the US Dollar. Any depreciation of the Saudi Riyal against foreign currencies (including the US Dollar) will lead to an increase of the operating costs of the Company. If the Company is unable to pass on any increases in operating costs caused by a depreciation in the Saudi Riyal to consumers through higher retail prices, this in turn would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.24 The Company's reliance on its senior management and key personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team, who have valuable experience within the retail industry and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the retail industry is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel, including for the following vacancies as at the date of this Prospectus: Chief Strategy & Corporate Affairs Officer; Chief Technology Officer; Chief Operating Officer; and General Counsel. The Company is currently outsourcing its internal audit function to an external firm, PwC (for more information, please refer to **Figure 2-1: Company Structure Chart**). In addition, the Company has in the past relied on the Substantial Shareholders, who have supported the Company and Management through their retail market insights and knowledge of the store sector. The Company may not be able to continue to benefit from the Substantial Shareholders' extensive experience and understanding of the Saudi market, which would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

The Company may need to invest significant financial and human resources to attract and retain new senior management members and / or employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial condition and prospects and increase its expenses.

The Company's senior management or key personnel could behave in a manner which negatively impacts the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally, the Company may not always be able to prevent its senior management and key personnel from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation and could adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.25 Risks associated with requirements of foreign employees and Labor Law

Under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity which sponsors them in Saudi Arabia. The Company's Subsidiaries used to sponsor a number of foreign employees who are working for other Subsidiaries and Related Parties of the Group, and vice versa. In addition, the Company's Subsidiaries employ a number of foreign employees who are sponsored by other Subsidiaries. The fees for transferring employees from one company to another are between SAR 2,000 and 6,000 (depending on the number of times an employee has transferred his sponsorship in the past). As at 31 December 2019G, the Company had 9,874 employees, of whom 23.4% were Saudi citizens, and 3,686 employees under the sponsorship of manpower supply companies from third parties and Related Parties, who carry out work within the Company's Stores after obtaining an Ajeer notice (for more information on the employees sponsored by recruiting companies, please refer to Section 5.7 ("**Employees**")).

The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law and a ban on recruiting foreigners for a period of one year. The penalties increase in case the Company or the branch repeats the violations to include higher fines of up to SAR 100,000 for each employee working in violation of the law and a potential recruitment ban for two to five additional years, among other things. The status of certain foreign employees of the Company could result in losses, fines or financial liabilities for the Company, and could adversely and materially affect the Company's business, results of operations, financial condition and prospects. Transferring the sponsorship of employed foreign employees from one company to another or the secondment thereof through the Ajeer program adversely affects the Saudization rate of the company from which employees were transferred or seconded, which would affect its classification in the Nitaqat program (for more information about Saudization and the Nitaqat Program, please refer to Section 5.8 "**Saudization**").

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his/her Iqama. 167 Company employees are foreign nationals not carrying out the job function on their Iqama. The penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, a ban on recruiting foreigners for a period of one year and these penalties increase in case of repeated violations. The status of certain foreign employees of the Company could result in losses, fines or financial liabilities for the Company, and would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

2.1.26 The Company's requirement for additional debt capital in the future

The Company needs to continue to make investments to support the growth of its business and may require additional funds to respond to business challenges, implement its growth strategy, increase its market share in its current markets or expand into other markets, or broaden its product offering. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or incur additional indebtedness.

For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending arrangements may not be available when needed, or may not be available on terms favorable to the Company, if at all.

An increase in indebtedness may expose the Company to additional risks. For example, an increase in the indebtedness of the Company may restrict its ability to make strategic acquisitions or cause it to make non-strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain additional financing. In addition, as the Company has relatively high fixed costs, it may have greater difficulty servicing higher debt levels. In addition, documentation pertaining to indebtedness of the Company typically includes covenants that restrict the operations of the Company.

If the Company fails to obtain adequate debt on a timely basis or on terms satisfactory to the Company, or if the Company becomes unable to service its debt repayments as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.27 Risks associated with the Company's current debt arrangements

The Subsidiaries have entered into a number of commercial facilities with onshore and offshore lenders, which include letter of credit facilities, letter of guarantee facilities, and murabaha / tawarruq facilities for the purposes of opening letters of credit. The Subsidiaries have also entered into a number of working capital facilities and hedging / swap facilities (for further details in relation to these facilities, please refer to Section 12.8 ("**Credit Facilities and Loans**"). All banks referred to in Section 12.8 ("**Credit Facilities and Loans**") have been notified of the Offering set out in this Prospectus. On that basis, the following letters have been received:

- a letter from Bank Aljazira dated 17 December 2019G stating that Bank Aljazira has waived most of its rights and restrictive obligations, as stated below, pursuant to the relevant credit facilities and loans, as well as an email from Bank Aljazira dated 22 May 2020G stating that Bank Aljazira does not object to the Offering set out in this Prospectus;
- a letter from Banque Saudi Fransi dated 17 December 2019G stating that Banque Saudi Fransi has waived most of its rights and restrictive obligations, as stated below, pursuant to the relevant

credit facilities and loans, provided that the Company completes the Offering set out in this Prospectus; and

- a letter from Gulf International Bank dated 19 December 2019G and its email dated 22 June 2020G stating that Gulf International Bank has waived some of its rights and restrictive obligations, as stated below, pursuant to the relevant credit facilities and loans to accommodate the Offering; with said approval deemed null and void in the event that the Company fails to offer the Offer Shares by 19 December 2020G.

Some of the finance documents pertaining to the facilities set out above contain covenants, representations and warranties that apply to the entire Group (as mentioned below) as well as clauses which:

a- grant certain lenders unrestricted termination rights in relation to the relevant facilities, the right to demand BinDawood Superstores Company, the Company, Danube or Danube Star, to pay all outstanding amounts (whether pursuant to the relevant facilities agreement or the guarantees granted in favour of the banks);

b- grant certain lenders with rights to amend provisions in relation to the facilities made available;

c- are impractical, such as (i) covenants by BinDawood Superstores Company, Danube and Danube Star not to undertake any corporate action (taking into account that this representation is repeated each day an outstanding amount is due), (ii) the right of some banks to amend the base rate or the profit rate and repayment dates, at any time, and (iii) the right to terminate the relevant agreement in the event that an affiliate of BinDawood Superstores Company, Danube or Danube Star fails or is unable to pay its debts to others, or enters into a composition or other arrangement with its creditors, or if it is insolvent or discharges its debtors or in the event that BinDawood Superstores Company or Danube are unable to repay any of their creditors or if a right of their creditors arises in relation to demanding repayment of such outstanding amounts, or in the event that the relevant bank believes that BinDawood Superstores Company or Danube are unable to fulfil their obligations towards it;

d- contain cross-default provisions in relation to other facility agreements entered into by BinDawood Superstores Company, Danube and Danube Star;

e- restrict the ability of the Company, BinDawood Superstores Company, Danube and Danube Star in relation to disposal of any of its assets or taking any corporate action;

f- restrict the ability of BinDawood Superstores Company, Danube and Danube Star in relation to incurring financial indebtedness;

g- grant banks set off rights against the Group and its assets;

h- require BinDawood Superstores Company, Danube, Danube Star to provide future security at the request of the relevant bank; and

i- require the Company, Danube, Danube Star and BinDawood Superstores Company to sign any other document in the event that the relevant bank so requests in the future.

In addition, some of these finance documents do not include the availability period relating to the facilities made available, which, in turn, causes ambiguity and uncertainty (for further details regarding this, please refer to Section 12.8 ("**Credit Facilities and Loans**")).

Although the credit facilities for the loans obtained by BinDawood Superstores Company include such restrictive provisions set out above, the banks have provided the following waivers:

1- Pursuant to its letter dated 17 December 2019G referred to above, Bank Aljazira has waived:

a- its right to cancel its obligations and demand BinDawood Superstores Company to pay all outstanding amounts, together with the right to suspend, reduce or cancel the facilities, in the event that the legal status of BinDawood Superstores Company changes without Bank Aljazira's consent;

b- its right to impose any restrictions in the event that any person acquires ownership of shares with the power to elect a majority board of directors of BinDawood Superstores Company, or in the event that BinDawood Superstores Company effects any substantial change in its ownership structure;

c- its right to increase, reduce or modify the financing limit as well as not to renew, rollover or reallocate the financing limit;

d- its right to demand payment at any time, or in the event that BinDawood Superstores Company fails to utilize the financing during the specified availability period, or in the event that BinDawood Superstores Company breaches any of its obligations with any of banks or financial institutions, which may adversely impact its obligations towards Bank Aljazira;

e- its right to require BinDawood Superstores Company to sign documents from time to time upon request in order to evidence collateral and provide additional collateral;

f- its right to reconsider profit percentages and any cross-default provisions in relation to other agreements to which BinDawood Superstores Company is party;

g- its right in the event that BinDawood Superstores Company merges, consolidates or transfers all or part of its assets;

h- its right to demand, pursuant to the corporate guarantee granted to it, payment at any time from Danube and Danube Star or to require them to sign any additional documents and to exercise set-off against their assets without giving them prior notice; and

i- its right to demand BinDawood Superstores Company to repay all of its obligations prior to their maturity date in the event that it receives any negative feedback from other banks in response to Bank Aljazira's inquiries in relation to such banks' financial dealings with BinDawood Superstores Company.

2- Pursuant to its letter dated 17 December 2019G referred to above, Banque Saudi Fransi has waived:

a- its right to cancel the facilities, change the rates and demand payment of any outstanding amounts in the event that more than half of the voting power of, or more than half of the issued share capital of, BinDawood Superstores Company is changed, or if BinDawood Superstores Company merges or consolidates or transfers all or some of its assets to another entity or in the event that any person acquires ownership of shares with the power to elect a majority board of directors of BinDawood Superstores Company or enabling it to exercise control over BinDawood Superstores Company or in the event that BinDawood Superstores Company effects any substantial change in its ownership structure;

b- its right to cancel the facilities and demand payment of all outstanding amounts in the event that BinDawood Superstores Company or Danube undertakes any "corporate action" (noting that this term is not defined in the relevant agreement which, in turn, causes uncertainty);

c- its rights to restrict the disposal of assets of each of BinDawood Superstores Company and Danube (unless an event of default occurs);

d- its right to terminate the relevant agreement, cancel the facilities and demand payment in the event that legal proceedings are commenced in relation to BinDawood Superstores Company or Danube for the purposes of "reorganization" (noting that this term has not been defined in the relevant agreement and that the relevant agreement does not set out the ways in which such "reorganization" would apply which, in turn, causes ambiguity and uncertainty. Nonetheless, Banque Saudi Fransi has waived its rights in relation to such event of default); and

e- the restrictions imposed on BinDawood Superstores Company in relation to the distribution of 50% of its profits and the financial covenants relating to the leverage ratio and net worth.

In addition and pursuant to its letter dated 17 December 2019G referred to above, Banque Saudi Fransi has also agreed to extend the notice period (in which Banque Saudi Fransi would notify BinDawood Superstores Company) from 30 days to 15 days in the event that Banque Saudi Fransi cancels all or some of the facilities, reduces the limits of such facilities, amends the commission, demands repayment and reassesses the facilities on annual basis.

3- Pursuant to its letter dated 19 December 2019G and its email dated 22 June 2020G referred to above, Gulf International Bank has waived:

a- its right of approval in the event that BinDawood Superstores Company, Danube or Danube Star issue any additional shares or change any rights attaching to its shares;

b- all financial covenants in relation to the ratio of total current assets and total current liabilities, the ratio of total liabilities and tangible net worth and the threshold relating to the tangible net worth;

c- its rights of approval in the event that any member of the Group pays, makes or declares any distribution of dividends not exceeding 25% of the total distribution amount or in the event of any change to the capital of BinDawood Superstores Company, Danube or Danube Star;

d- its rights of approval in the event that the dividend distributed at the end of any fiscal year equals to, or exceeds, 60% of the net income for such year; and

e- its rights of approval in relation to the representation by BinDawood Superstores Company, Danube and Danube Star that no encumbrances exist over all or any of their current or future proceeds or assets, and that no process will be taken which would result in a change of the legal form, shareholding, or business of BinDawood Superstores Company, Danube or Danube Star as well as not selling, leasing, or transferring ownership or disposing of their proceeds or assets in any other manner.

In the event that the Subsidiaries breach any of their other obligations pursuant to the documents pertaining to these facilities, the relevant lender would have the right to demand payment of all outstanding amounts owing by the relevant Subsidiary and declare the same to be immediately due and payable. In addition, any such breaches may also lead to a demand for payment pursuant to the guarantees granted by the Company and its Subsidiaries, taking into account that the security provided to the lenders in relation to the facilities made available consists of guarantees granted by the Company and its Subsidiaries only and does not consist of any pledges over assets or properties of the Company. Therefore, the Company and its Subsidiary would be liable for the payment obligations pursuant to the relevant facilities documents. In such event, the Company and its Subsidiaries may face difficulties obtaining alternative sources of financing to refinance or repay such debts, which would have a material adverse effect on the Company's business, operations, financial condition and future prospects.

2.1.28 Risks associated with trade accounts receivable not secured through formal contracts

The Company's trade accounts receivable amounted to SAR 30.4 million, SAR 41.4 million, and SAR 75.4 million in the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively.

Other receivables amounted to SAR 68.7 million, SAR 109.7 million and SAR 177.7 million as at 31 December 2017G, 31 December 2018G, and 31 December 2019G, respectively; which consisted of amounts due from suppliers via Supplier Support Incentives and settled against the amounts owed by the Company to the suppliers. This is because these receivables were not paid in cash and were settled against the amounts owed to suppliers under supply contracts, and the Company does not maintain any data related to the aging of said receivables. Given that the Company does not maintain any data related to the ageing of these receivables, there is a risk it may write them off, which would lead to an increase in expenses of the Company. This, in turn, would reduce the profitability of the Company, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

As at 31 December 2017G, the Company's trade accounts receivable amounted to SAR 30.4 million, of which SAR 18.9 million as at 31 December 2017G were attributable to receivable balances from VIP Customers based on purchase orders (excluding payment terms and not secured through formal contracts). As at 31 December 2018G, the Company's trade accounts receivable amounted to SAR 41.4 million, of which SAR 36.0 million as at 31 December 2018G were attributable to receivable balances from VIP Customers based on purchase orders (excluding payment terms and not secured through formal contracts). As at 31 December 2019G, the Company's trade accounts receivable amounted SAR 75.4 million, of which SAR 62.2 million as at 31 December 2019G were attributable to receivable balances from VIP Customers based on purchase orders (excluding payment terms and not secured through formal contracts).

As the Company did not constitute reserves for the aforementioned trade accounts receivable, any delays or challenges in collecting such trade accounts receivable could increase the Company's accounts receivable, which in turn could negatively affect the Company's working capital and cash flow. Any material adverse impact on the working capital of the Company and the inability of the Company to secure alternative funding sources, or having to pay additional financing costs, would materially and adversely affect the Company's business, financial condition, results of operations and prospects.

2.1.29 The Company's implementation of a newly adopted Corporate Governance Manual

The Board approved an internal Corporate Governance Manual as at 15/04/1441H (corresponding to 12/12/2019G). The manual includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in proper implementation of the corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board, its Committees and Senior Executives, especially with regards to formation related to the Board and its Committees thereof, independence requirements, rules related to conflict of interests and Related Party Transactions.

Article 23 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy defining the powers delegated to the executive management and a table clarifying such powers. On 05/11/1441H (corresponding to 15/06/2020G), the Company's board of directors adopted and approved draft authority tables related to the development sector, the financial sector, the commercial sector, the information technology sector, the operations sector and the human resources sector. Failure to comply with the governance rules, especially the mandatory rules that have derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Ordinary General Assembly of the Company formed the Audit Committee, consisting of three non-executive members, on 29/08/1441H (corresponding to 21/04/2020GG). The Board of Directors formed the Nomination and Remuneration Committee on 21/08/1441H (corresponding to 14/04/2020G), and the Executive Committee on 15/04/1441H (corresponding to 12/12/2019G) (See Section 5.2 ("**Board Committees**")). Failure by members of these Committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements and the Board's ability to monitor the Company's business through these Committees, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In view of the recent formation of these committees and the Company's internal governance system, the fact that such committees have not yet been able to convene since their formation, and the absence of an internal audit and risk management department since the establishment of the Company, with the Company, as at the date of this Prospectus, relying on third parties to perform internal audit and risk management, and the recent appointment of independent members, any future inability of such committee members and independent members to carry out the tasks assigned to them and follow a work methodology that ensures the protection of the interests of the Company and its Shareholders, may affect the implementation of Governance regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative and financial risks on the other hand. Consequently, this would have a negative and material impact on the Company's business, results of operations, financial condition and prospects.

The General Assembly of the Company approved the distribution of profits for the financial year ended 31 December 2019G at its meeting held on 29/10/1441G (corresponding to 21/06/2020G). As at the date of this Prospectus, no interim financial statements have been issued since the inception of the Company up to September 2019G, which constitutes a violation of the Company's compliance with the OSCOs, which may expose it to regulatory sanctions, and would have a negative and material impact on the Company's business, results of operations, financial condition and prospects.

2.1.30 Management's insufficient experience in managing a publicly listed company

The Senior Executives have limited or no experience in managing a public listed joint stock company in the Kingdom and complying with the laws and regulations pertaining to such companies. In particular, the internal and / or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2.1.31 Risks associated with interruptions in the Company's IT network or cloud systems

The Company's ability to attract and retain customers, to accurately monitor its operations and costs, and to compete effectively depends upon the sophistication and reliability of its IT network and availability of its cloud services, and, in particular, its bespoke IT management system for tracking all transactions completed at the Company's Stores.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of consumers, employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential consumers behavior in a way that would impact the Company's ability to retain current members or attracting new members, which would materially and adversely affect the Company's business, financial condition, internal operations (e.g. logistics, inventory and management), results of operation and prospects.

Any disruption to the Internet or the Company's IT systems and/ or technology infrastructure, including those impacting the Company's computer systems and website, or the occurrence of any of the aforementioned risks, would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.32 Risks associated with cash management, theft and security

The Company's operations management at its Stores manages and handles cash in hand on a daily basis, in respect of which maintaining security of operations is necessary (including with respect to cash as well as merchandise). In 2019G, approximately 59% and 35% of all customer transactions in BinDawood Stores and Danube Stores, respectively, were settled by customers using cash. The Company collects cash from all Stores and deposits it on a daily basis into deposit machines in the closest Store equipped with such deposit machines. The Company then deposits all collected cash into its bank account on a daily basis.

There is a risk that cash received by the Company could be subject to theft from the general public and / or by employees working at the Company's Stores. In addition, the Company's cash insurance policies may not be adequate to compensate the Company for any losses suffered as a result of any theft or cash mishandling. In view of the high volume of cash transactions in the operation of the Company's business, any incident of theft or other losses that may occur would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.33 The adequacy of the Company's insurance to cover all losses

The Company maintains insurance policies covering theft of cash amounts, fraudulent acts, and damaged or destroyed property (for more information about insurance policies maintained by the Company, see Section 12.9 (**"Insurance"**)). As at the date of this Prospectus, the Company has 16 insurance policies. Insurance coverage thereunder may not be adequate at all times and in all circumstances, and the limit of insurance coverage may not be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claims according to the insurance policies in effect because of the exclusions or conditions of insurance coverage. This will cause the Company to be liable for paying for accident related losses, which will also have a material adverse effect on the Company's business and operating and financial results.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war, sabotage, and potential natural disasters (such as earthquakes and floods). In addition, the Company's present insurance policies contain coverage exclusions or limitations, such as the condition the Company obtains a civil defense permit for its Stores. As at the date of this Prospectus, 21 out of 28 licenses issued by civil defense to BinDawood Stores and warehouse, and 32 licenses out of 48 licenses issued by civil defense to Danube stores and warehouse, have expired. For more information about expired civil defense-issued BinDawood and Danube Stores, please refer Table 12-15 (**"Details of expired civil defense licenses of the Company and its Subsidiaries"**). There are also 3 licenses that the Company has not yet obtained from civil defense as at the date of this Prospectus for BinDawood Stores, in addition to 6 licenses for Danube Stores and two licenses for Danube Star branches. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.34 Risks associated with litigation involving the Company

The Company, its Directors and / or its officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, customers, regulatory authorities, consumers or owners of lands leased to the Company for its operations. The Company may also be the claimant in such lawsuits or litigation. For example, Euro Foodbrands Export Limited filed a claim against Danube Company for Food Stuff and Commodities before the Saudi commercial tribunal in Jeddah for an unpaid amount of SAR 5,680,000 in relation to a commercial agreement dated 21 October 2015G. The case is ongoing before the Saudi commercial tribunal in Jeddah. However, no judicial decisions have been issued as of the date of this Prospectus (for more information about such lawsuits, see Section 12.11 ("**Litigation**")). No provision has been made for lawsuits filed against the Company.

Any unfavorable outcome in such litigation and regulatory proceedings could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.35 Government fees applicable to non-Saudi employees of the Company

The Saudi government approved a number of resolutions aimed at implementing comprehensive reforms in the Saudi labor market by imposing additional charges on every non-Saudi employee who works for Saudi institutions as of 14/04/1439H (corresponding to 01/01/2018G). This is alongside additional fees on the issuance of residence permits and renewal fees for non-Saudi families (which came into force as of 07/10/1438H (corresponding to 01/07/2017G). They will gradually increase from four thousand eight hundred Saudi Riyals (SAR 4,800) up to nine thousand six hundred Saudi Riyals (SAR 9,600) per year for each employee in 2020G. The residency fees incurred by the Company amounted to SAR 21.0 million, SAR 35.0 million and SAR 59.5 million for 2017G, 2018G and 2019G, respectively. The Company expects that such fees will increase in 2020G by approximately SAR 15 million to SAR 20 million compared to 2019G.

Once these decisions and increases come into effect, they will increase government fees paid by the Company for the issuance and renewal of residence permits for its non-Saudi employees in general and will result in higher prices for services provided to the Company's customers. In addition, increases with respect to the issuance of residence permits and renewal fees incurred by non-Saudi employees for their families will result in higher living costs. This may result in non-Saudi employees seeking jobs in other countries with lower living costs. If this were to occur, it will be difficult for the Company to retain its non-Saudi employees, and this may in turn affect the Company's ability to maintain its employee base. The Company may incur additional government fees related to the issuance and renewal of residence permits of non-Saudi employees, resulting in higher financial liabilities of the Company. (For further details, please refer to Section 6.5.2.2 ("**Current Assets**")). Consequently, high government fees and the difficulty of maintaining non-Saudi employees and foreign workforce will have an adverse effect on the Company's business, results of operations, financial condition and future prospects.

Moreover, the increase in government fees applied to non-Saudi employees has led to a decrease in the number of non-Saudi residents in the Kingdom. This decline could adversely affect the number of customers in the Kingdom and the demand for the retail market, which will lead to more competition among the retail sector, thus negatively impacting the prices and profitability of the Company and adversely affecting the Company's business, results of operations, financial condition and future prospects.

2.1.36 Risks related to ageing receivables

The Company's total trade and other receivables amounted to SAR 104.3 million, SAR 156.6 million and SAR 260.3 million as at 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively, the majority of which was comprised trade accounts receivable and other receivables. The Company also had prepayments and advances to suppliers amounting to SAR 41.2 million, SAR 51.7 million and SAR 52.0 million as at 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively.

The majority of the trade accounts receivables include balances from VIP Customers and tenants who have been sublet spaces at Stores. The total of trade accounts receivable amounted to SAR 75.4 million as at 31 December 2019G. VIP Customers issue approved quotations for each order without formal purchase orders, and the balances of these receivables are aged during a period of 3 to 12 months. These receivables are not guaranteed, as the Company does not obtain guarantees for them. Given that the Company does not have guarantees in place for these receivables, there is a risk it may need to write them off, which would reduce the Company's revenues. This, in turn, would reduce the profitability of the Company, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. For more information on aging of trade receivables, please refer to Section 6.5.2.2.4.3 (**"Advance Payments by Component"**).

Prepayments are mainly composed of prepaid rentals of Stores and warehouses and prepaid iqama charges of expatriate employees. The total of prepayments amounted to SAR 44.9 million as at 31 December 2019G.

Other receivables mainly represented balances recoverable from suppliers on account of Supplier Support Incentives due. The total of the other receivables amounted to SAR 177.7 million as at 31 December 2019G. The maturity date agreed upon with the majority of the suppliers varies between 30 and 60 days. For more information about the accounts receivable, see Section 6.5.2.2 ("**Current Assets**").

The Company's delay in collecting its financial claims, in whole or in part, will limit the cash available to the Company, and thus will make it difficult for the Company to finance its working capital or future projects. This may result in the Company being unable to meet its financial obligations to third parties, including liabilities to employees, suppliers, contractors and lenders. Moreover, this may limit the Company's ability to complete future expansion plans or may limit its ability to distribute dividends to Shareholders. The occurrence of any of the above risks would have a material and adverse effect on the Company's business, financial condition, results of operation and prospects.

2.1.37 Risks related to the assessment of expected credit losses for receivables

The Company assesses the allowance for expected credit losses in accordance with IFRS 9 ("**Financial Instruments**"). The Company assesses at each reporting date reviews receivables on the date of preparing the financial statements to determine whether an allowance provision for expected credit losses should be recorded in the consolidated statement of income. Where a decision is required by management to estimate the amount and timing of future cash flows when determining the level of required expected credit losses, these estimates are based on assumptions about a number of factors, such as an analysis of the aging of receivable balances and the significance thereof, receivables profiles, the existence of relevant collateral or securities, the current and projected state of the economy and credit ratings of receivables. The accounting treatment of financial instruments under IFRS 9 is different from that used under IAS 39, whereby IFRS 9 applies new requirements for impairment, reclassification of the original measurement categories, and new measurement categories for each of the classes of the Company's financial instruments.

Consequently, there would have been no material effect of adopting IFRS 9 on the financial position of the Company, as most of its trade receivables are attributable to VIP Customers (for more details about the receivables attributable to VIP Customers, please see Section 2.1.28 ("**Risks associated with trade accounts receivable not secured through formal contracts**")). The amounts due from suppliers are settled from the due balances, and are deducted in a timely manner when they are realized.

Any change in the estimates, assumptions or decisions when evaluating the expected credit losses of the Company's receivables will adversely and materially affect the Company's business, financial condition, results of operations and future prospects.

2.1.38 Risks relating to the Company's estimates of the likelihood of renewal or termination of the lease contracts in the Company's financial statements

76 out of 128 lease contracts of the Company include extension and termination options. In the process of applying the Company's accounting policies, Management is required to makes certain judgments which have significant effects on the amounts recognized in the consolidated financial statements, including in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate its lease contracts. After the commencement date, the Company reassesses the lease term if there is a material event or change in circumstances that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset). The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination of the lease contracts (for more information about the term and amounts of the lease contracts, please refer to Section 12.6.3 (**"Store Leases"**)). To the extent the Company's assumptions, judgments or estimates change over time in response to market conditions, unforeseen changes in the business or otherwise, this could result in changes to the lease commitments and right-of-use assets reported on the Company's financial statements, which would have a material and adverse effect on the Company's business, financial condition, results of operation and prospects.

2.2 Risks Relating to the Company's Real Estate

2.2.1 Risks related to the Company's leased sites and related building ownership certificates and lease registrations

The Company rents all of the sites for its Stores, Head Office, warehouses and its employees' residential accommodations from other parties (including Related Parties) for periods varying between 1 and 25 years for a fixed or variable rent amount, some of which are renewed automatically. As at the date of this Prospectus, out of 128 lease contracts, 7 are expired (for more information about the term and amounts of the lease contracts, see Section 12.6 ("**Material Agreements**")). The inability of the Company to maintain the continuity of lease contracts for these sites, and to renew them on terms no less favorable than the current ones, may adversely and materially affect the Company's business, results of operation, financial condition, and future prospects. In addition, out of 76 lease contracts, the Company executed 18 contracts with the Unified Real Estate Development Company in connection with its operating Stores. In the event the relationship with this lessor deteriorates, this could lead to the termination of lease contracts entered into with the lessor. In addition, 11 lease contracts sites do not have copies of official handover minutes, though the Company has payment receipts for 9 lease contracts, and as there are no copies of official handover or payment receipts for the remaining two lease contracts, this may become a source of dispute between the parties with respect to determining the starting date of said lease contracts. In addition, there are six lease contracts in which the Company's commercial registry number differs, as well as 15 lease contracts that do not specify the leased premises' surface area, which may cause conflict between the parties in determining the company that concluded the lease contract and the surface area of the leased premises under said contracts, respectively. It is possible that such disputes may lead to lawsuits against the Company, which may have a material and adverse effect on the Company's business, its financial condition, and its commercial relationship with the lessor.

If the Company cannot renew any of its lease contracts for any reason, the Company will be forced to search for other sites that may be higher in cost and / or otherwise on less favorable terms, as well as suffer any incidental additional capital expenditures, operating costs, marketing and additional administrative costs incurred. It is possible that the Company will renew its lease contracts of sites rented for new periods but with a rental cost higher than before. This would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

In addition, the Company's lessors' possession of valid and enforceable building ownership rights, or of the relevant rights or authority to sub-lease such premises to the Company, is important to the Company's business operations. If the lessors of the premises in which the Company's Stores are located are not able to provide the Company with evidence of or do not have valid and enforceable building ownership rights, or their relevant rights or authority to sub-lease, in respect of leased premises, third parties may seek to assert their ownership rights or challenge these leases. Should disputes arise due to title encumbrances on or lack of title for such properties or the Company's lessors failure to register the relevant leases with the government authorities or lack of authority to sub-lease the leased premises, the Company may not be able to continue leasing these properties and may be required to find alternative locations nearby to which the Company may relocate its stores. If the Company is unable to find suitable alternative locations nearby, it may have to shut down operations at that site. Even if the Company is able to find suitable alternative locations on terms commercially acceptable to the Company, relocation to such alternative locations may result in disruptions to the Company's business operations and loss of customers. Furthermore, if any of the Company's properties subject to mortgages are foreclosed and the Company is evicted from the premises, it may also be required to relocate to alternative premises or shut down the Company's operations at those premises. This would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Where the Company's agreed rent under its lease contracts entered into with its lessors increases or the inflation rate increases and the Company is unable to renegotiate with its lessors to decrease its rent levels before expiration of the term of these lease contracts, the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

In addition to the aforementioned, there are risks related to some of the terms of the lease contracts, further information on which is set out in Section 12.6 ("**Material Agreements**"), as the Company has entered into lease contracts with Sulaiman bin Abdulaziz Al-Rajhi Real Estate Investments Company, Sheikh Mohammed bin Saeed bin Abdullah Al-Saeed, and Edara for Development & Progress Company, which are based on a sales percentage of 2.0%, 2.5%, and 2.5%, respectively. Danube branch (Tera Mall), which is subject to a lease agreement concluded with Edara for Development & Progress Company, was opened on 3 April 2019G, and the rent paid under this contract amounted to SAR 1,842,741 in FY19G. As for other two Danube branches, which are the subject to the two lease contracts concluded with Sulaiman bin Abdulaziz Al-Rajhi Real Estate Investments Company (Tilal Al-Naseem) and Sheikh Mohammed bin Saeed bin Abdullah Al-Saaed (Awali Plaza), they are still under construction, and the Company has not yet paid any rent under these leases. It should be noted that the value of these leases is not fixed and so where sales increase the rent must also increase.Seven lease contracts do not permit the Company to sublease or assign the leased premises to third parties. Eight lease contracts do not include provisions pertaining to subleasing or transfers. Also, 40 lease contracts do not give the Company the right to terminate, and seven lease contracts do not give the Company a period to remedy breaches of contractual provisions prior to the owner exercising its right to terminate. In addition, eleven lease contracts do not contain provisions pertaining to termination, and 20 lease contracts include conditions where the Company pays compensation when the lease contracts are terminated during the first five years of the lease term. 43 lease contracts stipulate a fine to be paid by the lessee when the latter delays handing over the leased premises upon contract termination. In addition, under two lease contracts, the lessor is entitled to stop providing services during the term of the contract in case of non-payment of any rental amounts due from the lessee. These provisions (related to stopping the provision of any service to the leased property in the event of non-payment of rental amounts by the lessee) depart from the Shariah rules and may be a source of dispute between the parties, and have a material adverse effect on the Company's business, results of operations, its financial condition, and future prospects.

2.2.2 Risks related to the fluctuations of the real estate sector in the Kingdom

The Company's profitability is significantly impacted by lease rates. In recent years, the real estate sector in Saudi Arabia has experienced several fluctuations in both real estate prices and rental rates as a result of market factors, including the increase in supply of retail space. The Company's business is directly affected by such fluctuations, where the increase in rental prices above the Company's expectations, even for a short time, may result in losses to the Company which could lead to the reduction or suspension of any or all of its operations. As the Company's business relies directly upon the real estate sector, it is exposed to sectoral concentration compared to companies with more diverse business lines. As a result, unfavorable fluctuations in the real estate sector will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks associated with self-help provisions in certain lease agreements

The Company has two lease contracts relating respectively to two Stores which provide that, in the event of non-payment of any rental amounts due during the term of the lease contract, the landlord may cease providing any services to the leased premises, prevent the Company from entering the leased premises, and hold any properties or assets of the Company in the leased premises as security in order to recover or collect any unpaid amounts due from the Company.

Although these clauses do not affect the validity of the lease, they are not enforceable before the courts and depart from the Shariah rules, which may be a source of dispute between the parties. The exercise of any "self-help" provision described above by the landlord of the Company may result in closure of the Store and / or could otherwise cause disruption to the Company's existing product supplies due to the partial closure of that Store on a temporary basis until the dispute with the landlord is resolved. This may result in a temporary or partial loss of revenue by the Company, which would, in turn, materially and adversely affect the Company's business, results of operations, financial condition and prospects.

2.3 Risks Relating to the Market, Industry and Regulatory Environment

2.3.1 The impact of political and economic risks on the Company's operations

The entirety of the Company's Store portfolio is located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions could have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

In addition, many countries in the Middle East suffer from political or security instability at the present time. For example, Saudi Arabia has been engaged in military conflict in Yemen since 2015G and it severed diplomatic relations with Iran, Qatar and Canada in January 2016G, June 2017G and August 2018G, respectively. The Company's Stores in Ahsa were financially impacted in 2018G by the suspension of diplomatic relations between Saudi Arabia and Qatar, since these Stores attracted customers from Qatar. In addition, the Company's Stores in Abha and Jizan were impacted by disruption on account of cross-border artillery activity from the Yemen border. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial condition and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia and / or other countries in the Middle East, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.3.2 Compliance by the Company with Saudization and other Labor Law Requirements

Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies active in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of a company's activities. Each of the Subsidiaries has been classified under the "Green" category, which means that each complies with the current Saudization requirements, which allow compliant companies to secure work visas. As at 31 December 2019G, the number of Saudi nationals employed by the Subsidiaries reached approximately 23.4% of the total number of its employees (this percentage is approximate, as there are sub-commercial records with a separate Saudization ratio for each record). The Subsidiaries have obtained the relevant certificates to this effect from the Ministry of Human Resources and Social Development.

The Company may not be able to fulfil current or enhanced Saudization or other Labor Law requirements in the future and / or that the minimum wage required to be paid by the Company will not increase (for more information about the risks related the requirements applicable on non-Saudi employees, please see Section 2.1.35 ("**Government fees applicable to non-Saudi employees of the Company**")). In case of non-compliance with the Saudization requirements, the Company could face sanctions by governmental authorities, such as suspension of work visa requests and of transfers of sponsorship for non-Saudi employees. In addition, there can be no assurance that the Company will be able to provide the required workforce or recruit the required number of Saudi nationals and / or foreign workers without incurring additional costs, if at all, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects. For further details, please refer to Section 5.8 ("**Saudization**").

2.3.3 The impact of change of prices for energy, electricity, water and related services on the Company's operating expenses

The Saudi Council of Ministers issued the Resolution No. 95, dated 17/03/1437H (corresponding to 28/12/2015G), to raise energy prices (including fuel) and electricity, water and using sanitation services tariffs for residential, commercial and industrial sectors, as part of the Kingdom's policies aimed at rationalizing the government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/03/1439H (corresponding to 12/12/2017G), on Fiscal Balance Program Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as at 14/04/1439H (corresponding to 01/01/2018G).

The Company's water and electricity expenses amounted to SAR 97.5 million (representing 2.0% of revenues) during the financial year ended on 31 December 2017G, SAR 111.7 million (representing 2.5% of revenues) during the financial year ended 31 December 2018G, and SAR 101.2 million (representing 2.1% of revenues) during the financial year ended on 31 December 2019G.

The price increases set out above, as well as any other potential increases, may lead to a decrease in discretionary spending or income available to customers in general. Consequently, sales in the Company's Stores may be negatively impacted and the Company's operating expenses might increase, which will have a material adverse effect on the Company's operations, financial condition, results of operations or prospects.

2.3.4 Risks associated with foreign ownership restrictions with respect to Makkah and Madinah

Some of the Stores leased by the Company are located in the cities of Makkah and Madinah. The revenues of those stores comprised 25.7%, 25.8% and 24.8% of total Company revenues for FY17G, FY18G and FY19G, respectively. The Regulation of Ownership and Investment in Real Estate by Non-Saudis' (Royal Decree No. M/15 dated 17/4/1421H (corresponding to 19 July 2000G)) generally prohibits non-Saudis from indirectly and directly owning or leasing real estate in Makkah and Madinah. A Council of Ministers decision No. 494 dated 14/09/1439H clarifies what constitutes a "non-Saudi" and also creates a number of exceptions to the definition. These exceptions include listed companies that do not have as one of their objectives or activities "dealing with real estate", provided that ownership shall be for the purpose of using it as a head office, as an office for its branch or is necessary for the company to continue doing its business activities, and provided that the whole of the property is only used for that purpose in accordance with the rules of the CMA. The policy for the application of the general prohibition to listed companies is set out in CMA Circular 254 entitled "Foreign Ownership in listed companies that invest in real estate located within the borders of Makkah and Al-Madinah as its main activity" and dated 7/11/1437H (corresponding to 10 August 2016G) (the "**Circular**"), which, as at the date of this Prospectus, limits the application of the prohibition to four specified listed companies whose main activity is investment in real estate in Makkah and Madinah.

The Circular also states that non-Saudis are not permitted to acquire securities in any listed company "in which non-Saudis are restricted from investing in based on specific instructions issued by relevant supervisory authorities governing such companies". There can be no assurance that any such instructions will not be issued in the future prohibiting non-Saudi from holding an ownership stake in the Company or, were such instructions are issued, what the potential impact may be on the Company or what mitigating actions the Company take (for instance, the cessation of trading of the Company's Stores in these cities). The issue of any such instructions in the future would have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

2.3.5 The impact of changes in laws and government policies in Saudi Arabia

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for products sold by the Company's Stores and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the retail industry in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are new, and the interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency, and their implementation, interpretation and enforcement may involve uncertainty. There can be no assurance of favorable or unfavorable future changes in laws and regulations and / or governmental policy in Saudi Arabia with respect to the retail industry, including the promulgation of new laws (which may, for example, provide restrictions on retail trading hours), changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and its shareholders.

In addition, the Building Code issued in 2018G by the Saudi Building Code National Committee introduced new technical requirements applicable to buildings for safety, strength and sustainability purposes. Pursuant to the Saudi Building Code Application Law issued by Royal Decree No. M/43 dated 26/04/1438H (corresponding to 24 January 2017G) and as amended by Royal Decree No. M/15 dated 19/01/1441H (corresponding to 18 September 2019G), and the Implementing Regulations of the Saudi Building Code, by August 2020G, trading malls, industrial buildings, facilities and buildings below 23 meters in height (among other building categories) must comply with the requirements under the newly issued Saudi Building Code National Committee. The Saudi Building Code Application Law and the Implementing Regulations of the Saudi Building Code provide that whoever violate the Saudi Building Code, any provisions of the law and its implementing regulations shall be subject to a fine up to SAR 1 million for each single violation in each building and / or the suspension of the practice license for a period not less than one month and not exceeding one year. The Company may not be able to apply the new technical requirements issued by the Saudi Building Code National Committee on its Stores. Moreover, any revisions to the Building Code could impose material obligations on the Company, with which it may not be able to comply in a timely manner. This could lead to the imposition of fines or sanctions on the Company, which could adversely and materially affect the Company's business result of operations, financial condition and future prospects.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

2.3.6 Risks related to the adoption of the value added tax and excise tax

On 02/05/1438H (corresponding to 30 January 2017G), the Council of Ministers approved the Unified VAT Agreement for the GCC Countries, which came into force starting from 1 January 2018G, as a new tax to be added to the system of taxes and other fees on specific sectors in the Kingdom. The tax excludes 95 food items. The Ministry of Finance raised VAT from 5% to 15%, with effect from 1 July 2020G, which may lead to a reduction in consumer spending (including at the Company's Stores), which may in turn lead to a reduction in the Company's revenue, and adversely and materially affect the Company's business, results of operation and prospects. The initial application of VAT led to the increase of prices for most of products, which may affect significantly visitor spending at the Company's Stores, in particular during the months following the application of VAT in 1 January 2018G. As any potential increase in the VAT rate in Saudi Arabia could lead to a decline in visitor spending, this would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

In addition, the Kingdom ratified the Common Excise Tax Agreement of the Gulf Cooperation Council (GCC) States, by Royal Decree No. (M/51) dated 05/03/1438H (corresponding to 31 January 2017G). Pursuant to the provisions of this agreement, the Kingdom issued the Excise Tax Law under Royal Decree No. (M/86) dated 27/08/1438H (corresponding to 24 May 2017G), as well as the Implementing Regulations of the Excise Tax Law under decision of the Board of Directors of GAZT No. (9-1-17) dated 05/09/1438H (corresponding to 31 May 2017G) as amended by decision of the Board of Directors of GAZT No. (19-3-2) dated 10/09/1440H (corresponding 15 May 2019G). The excise tax is imposed on products with adverse impact on public health or environment in varying proportions. Excise tax is indirect tax as it is not levied on the final sale of goods to the end purchaser or consumer of the excise goods, but it is collected from the producer, the importer (the source) or an intermediary. The amount of tax levied on the excise goods is typically included within the price of subsequent sales, including the sale to the final purchaser. The rate of the excise tax is 100% for tobacco products and energy drinks and 50% for soft drinks and sweetened drinks. As any potential increase in the excise tax rate could lead to an increase of the excise products prices and a greater decline in visitor spending, this would have an adverse effect on the Company's business, results of operations, financial condition and future prospects.

2.3.7 Import risks

The Company's imported purchases represent 6.2%, 5.5%, and 6.4% of the total gross purchases for the years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. Therefore, the imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, it is possible that will affect the prices of products and goods imported by the Company, and thus will be reflected on the Company's ability to provide competitive sales offerings at its Stores, which in turn would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

2.3.8 Risks associated with Zakat and Tax

From its formation until 31 December 2015G, the Company and its Subsidiaries filed their zakat declarations on a standalone basis and completed all zakat assessments and paid related liabilities. From 2016G onwards, the Company obtained an approval from General Authority of Zakat and Tax ("**GAZT**") for the consolidated filing of zakat declarations for all Subsidiaries. The Company and its Subsidiaries submit zakat declarations to GAZT on a standalone basis. As at the date of this Prospectus, the Company has already submitted consolidated zakat declarations together with the zakat declarations for itself and its Subsidiaries for the years ended 31 December 2016G through 31 December 2019G and the Company obtained the zakat certificates for all years from its formation and ending 31 December 2019G. The Company and its Subsidiaries also obtained final zakat assessments for all years from inception until 2018G. As at the date of this Prospectus, the Company and its Subsidiaries have not yet received the final zakat assessment for FY19G.

The Company has filed zakat declarations with the GAZT for the period ended 31 December 2011G and for the years ended 31 December 2012G through 2019G and obtained zakat certificates for the year ended 31 December 2011G, 2012G through 2019G. As at the date of this Prospectus, the Company has obtained the final zakat assessment from GAZT for the period ended 31 December 2011G and for the years ended 31 December 2012G through 2018G with the GAZT by paying an additional zakat liability of SAR 2.5 million.

As at the date of this Prospectus, BinDawood Superstores Company has finalized the assessment for the years ended 31 December 2012G through 2015G with the GAZT by paying an additional zakat liability of SAR 895,341. Accordingly, all years until 31 December 2015G have been finalized with the GAZT.

Regarding Danube Company for Foodstuffs and Commodities, the GAZT issued a revised assessment for the years ended 31 December 2010G through the end of 2013G showing an additional liability of SAR 12 million. Danube objected to the GAZT's revised assessment. The GAZT issued a further revised assessment showing an additional liability of SAR 2.5 million. Danube objected again, and the GAZT issued a revised assessment partially accepting the former objection showing an additional liability of SAR 1.8 million. Danube finalized and paid such assessment without further objection. As at the date of this Prospectus, Danube has finalized the assessments for the years ended 31 December 2014G through 31 December 2015G with the GAZT by paying an additional zakat liability of SAR 907,983. Accordingly, all years until 31 December 2015G have been finalized with the GAZT.

With respect to Danube Star for Bakeries and Marketing Company Limited, as at the date of this Prospectus, Danube Star has finalized the assessments for the years ended 31 December 2010G through 2015G with the GAZT by paying an additional zakat liability of SAR 285,839. Accordingly, all years until 31 December 2015G have been finalized with the GAZT.

It is also worth noting that, in the future, there is a possibility that the Company and its Subsidiaries will be subject to withholding tax in respect of any professional services that may be sought from companies based outside the Kingdom of Saudi Arabia. In the event that the Company is subject to withholding tax in the future, and did not pay said tax as per GAZT requirements, GAZT will require the Company to pay the withholding tax amount in addition to a fine for delays (equivalent to 1% of the value of unpaid taxes for every 30 days of delay).

There is a risk that GAZT may revert to any previous year whose final zakat assessments or final certificates of withholding tax have not been obtained, appeal the returns and require the Company or its Subsidiaries to pay additional zakat, final withholding tax or any future fines in respect thereof, which in turn may have a material adverse effect on the Company's business, results of operations, financial condition and prospects. A zakat payable is set aside in accordance to the laws and regulations of the GAZT in the Kingdom. The zakat payable of the Company as at financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G were SAR 16.9 million, SAR 6.6 million and SAR 15.6 million, respectively. In the event that the zakat provision is not sufficient to meet any additional zakat obligations that may be imposed by the GAZT, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects. For further details regarding the Company's and its Subsidiaries' zakat payables, please refer to Section 12.12 ("**The Zakat Status of the Company and its Subsidiaries**").

2.3.9 Risks related to change in the calculation mechanism of Zakat and income tax

GAZT issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 5 December 2016G) which requires Saudi companies listed on the Tadawul to calculate income and Zakat on the basis of the nationality of the Shareholders and the actual ownership between the Saudi and Gulf citizens and others as stated in the "Tadawul system" at the end of the year. Prior to the circular, companies listed in Tadawul were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with its bylaws. The fact that shares were listed was not a consideration in determining the Zakat base. This circular was to be applied the year ended 31 December 2016G and subsequent years. However, GAZT has issued Letter No. 12097/16/1438 dated 19/04/1438H (corresponding to 17 January 2017G) postponing the implementation of this circular for the financial year ended 31 December 2017G and subsequent years. Until GAZT issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular, including the final requirements to be met, are still under consideration, as well as the rules that impose income tax on all non-Gulf residents who have shares in Saudi listed companies which apply the withholding tax on dividends of non-resident Shareholders irrespective of their nationalities. The Company did not assess the financial impact of this circular and take sufficient steps to ensure compliance therewith, as it is a closed joint stock company owned by Saudi and GCC shareholders. If the financial impact of this circular is significant or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this will have an adverse effect on the Company's business, results of operations, financial condition and future prospects.

2.4 Risks Related to the Offer Shares

2.4.1 Risks related to effective control by current Shareholders

Following completion of the Offering, the current Shareholders will collectively hold (directly or indirectly) 80.0% of the issued Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholders may differ from those of the Company's other shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.4.2 Absence of a prior market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares would be adversely affected or result in the loss of all or a portion of the Subscribers' investment in the Company, which would adversely and materially affect their anticipated returns.

2.4.3 Risks of selling a large number of shares post-Offering

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a 24-month Lock-up Period starting from the commencement of trading of the Shares on the Exchange, during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following the 24-month Lock-up Period could have an adverse effect on the market for the Shares, and may result in a lower market price

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise capital by issuing new Shares, the newly issued Shares may adversely affect the value of the Shares in the market, and moreover there may be a decrease the ownership portion of the actual Shareholders if they do not subscribe to the then newly issued Shares.

2.4.4 Fluctuation in the market price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

The stock market in general experiences from time to time extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.4.5 Risks relating to the Company's ability to distribute dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities which some of them require their written approval prior making dividend payments to Shareholders. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. For further details regarding the dividends policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**").

2.4.6 Foreign exchange rate risks when investing in the Offer Shares

The Offer Shares are, and any dividends to be paid in respect of the Offer Shares will be, denominated in Saudi Riyals. Any investment in the Offer Shares by an investor whose principal currency is not the Saudi Riyal will expose that investor to foreign currency exchange rate risk. This may adversely impact the investor's value of the investment in the Offer Shares or any dividends.

3. MARKET AND SECTOR OVERVIEW

3.1 Introduction

The source of the information in Section 3 (**"Market and Sector Overview"**) is the report prepared by the Market Research Consultant, Euromonitor International Ltd, which acts as an independent provider of strategic market research. For more information please visit the Market Research Consultant's website (www.euromonitor.com).

Euromonitor International acts as an independent provider of strategic market research and creates data and analysis about thousands of products and services worldwide. Through its work as an independent research company, she provides unbiased forecast trends and expectations for every region, country and category. Euromonitor's research includes quantitative and qualitative market survey and analysis to provide information and reports on market developments and competition. Euromonitor International was established in 1972 in London and has a diversified client portfolio that includes leading manufacturers, investment banks, governments and universities.

The information in this report is based on an independent market study conducted by the market research consultancy, Euromonitor International. The Market Study Advisor gave its written consent to use its name, logo, market information and data provided by it to the company in the manner stated in this prospectus, and that consent was not withdrawn until the date of this prospectus. Euromonitor does not itself, nor do any of its shareholders, partners, subsidiaries, members of its board of directors, directors, or any of their relatives, have shares or interests of any kind in the Company or any of its Subsidiaries.

Estimates and prospects set out in this Market Overview section have been prepared on the basis of a market research study prepared by Euromonitor, which includes research estimates based on various official published sources, such as Passport, and trade opinion surveys conducted by Euromonitor with a sample of key modern grocery retailing players in Saudi Arabia and has been prepared primarily as a research tool.

Therefore, Euromonitor believes that it has used suitable sources of information and methodologies for this study. Euromonitor's full terms and conditions apply with regard to the accuracy and completeness of the information provided on the basis of methodologies and sources of information. These terms and conditions are included in the full market study set out under Section 19 of the Prospectus, which is available for reading and inspection. Euromonitor International references are not to be relied upon as their own opinion regarding the security or the advisability of investing in The Company.

The Company's Board of Directors consider that the information and data provided in this Prospectus from other sources, including those provided by the Market Research Consultant, are reliable data and information. However, the Company did not itself, nor any of the members of the Board of Directors, any of the senior management thereof, the shareholders, vendors, or other consultants, verify or validate the accuracy or completeness of the information contained in this Section 3 (**"Market and Sector Overview"**), and none of them bears any responsibility in relation to this information.

3.1.1 Research Methodology

All data, analysis and research estimates in this section are based on research work conducted between November 2019G and January 2020G including: (i) desk research to collect publicly available secondary sources of data including statistics on macroeconomic indicators, demographics from entities such as General Authority for Statistics (GASTAT), Saudi Arabian Monetary Agency (SAMA), Euromonitor's internal database (Passport), and trade press on retailing, companies and third party reports; and (ii) trade survey analysis of the opinions and perspectives of a sample of leading modern retailing companies in Saudi Arabia (iii) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that BinDawood Holding Company provided their 2017G and 2018G audited sales data for Saudi Arabia, which was used to calculate their share. Share for the Company was calculated using their audited sales data over the total market for modern grocery retailing taken from Euromonitor's internal database (Passport).

3.1.2 Forecasting Bases and Assumptions

Euromonitor International based this Euromonitor International Report on the following assumptions: (i) the social, economic, and political environment is expected to remain stable in Saudi Arabia during 2020G-2024G; (ii) there will be no external shock, such as a financial crisis that affects the demand and supply of the sector in

Saudi Arabia during the same period; (iii) key drivers that tend to influence growth/demand during 2017G-2019G and 2020G-2024G in Saudi Arabia, include growing target population, inflation, GDP growth and government expenditure on the sector. The Market Study was first issued on 18 December 2019G and has been updated based on data, information, assumptions and research conducted during November 2019G and January 2020G. As a result of COVID-19 in 2020G and its effect on the performance of the Saudi retail grocery market, the forward-looking projections and the related growth rates, at least for the immediate future, will be different from those included in the Market Study based on the research duration.

3.2 Executive Summary

The Saudi Arabian grocery-retailing sector is set to benefit from an outlook of continued expansion of the Saudi economy; a young and fast-growing population; and government investments on infrastructure and tourism

Following a 0.7% decline in real terms in 2017G due to the impact of one-off factors like expatriate levies and exodus, government fiscal reforms, and a steep decline in global oil prices, Saudi Arabia's real GDP grew by 2.2% and 1.1% in 2018G and 2019G respectively and it is anticipated to record an average CAGR of 2.2% during the forecast period 2020G-2024G. Continued structural reforms seeking economic diversification and greater private sector investment; increasing female participation in the labor force; and considerable investments planned as part of the Saudi Vision 2030 program will be amongst the main drivers of the country's economic growth during this period. These will in turn keep supporting a continued rise in Saudi Arabia's per capita disposable income levels (expected to rise at a CAGR of 3.5% over 2020G-2024G to reach SAR 39,560 by 2024G) as well as an expansion in the number of affluent households (set to increase from 1.1 million in 2019G to 1.7 million in 2024G). These factors, coupled with the benefits from Saudi Arabia's demographic dividend (provided by the country's young and fast-growing population); sustained urbanization; and government efforts to boost the tourism industry, provide positive prospects for the Saudi grocery-retailing sector over the forecast period 2020G-2024G.

Modern grocery retailing formats are continuously gaining ground against their traditional counterparts in the fast-growing Middle East and Africa region

During the period 2017G-2019G, the Middle East and Africa registered the strongest expansion in grocery retailing market across regions at a global level, at a CAGR of 5.3% in nominal terms. As the largest economy in the Middle East and Africa region and the biggest consumer market amongst GCC countries, Saudi Arabia is well placed to take advantage of the positive regional context for spending on food and beverages. In particular, regional trends like the rising penetration of modern grocery retailing formats (whose value share out of total grocery retailing in the Middle East and Africa has risen from 23.4% in 2004G to 29.7% in 2019G); increasing urbanization; and changing consumer preferences (where shoppers increasingly value the convenience, wide product variety and discounts offered by modern grocery retailers) are also observed in Saudi Arabia, offering a favorable outlook for the development of modern grocery retailing formats in the country.

Saudi Arabia's increasing levels of per capita disposable income, high urbanization rates and evolving consumer attitudes are expected to keep supporting the increasing predominance of modern grocery retail formats

The Saudi grocery retailing market decreased from SAR 146 billion in 2017G to SAR 137 billion in 2019G, due to the impact of one-off events like higher labor costs due to the Saudization of the labor force, the introduction of VAT since January 2018G, and low oil prices. Nevertheless, the country's grocery retailing market is anticipated to recover, growing at a CAGR of 2.3% in nominal terms over the forecast period 2020G-2024G, in line with the expected performance of the Saudi economy over this timeframe. Modern grocery retailing formats are set to continue gaining ground against their traditional counterparts (with their share of total grocery retail sales projected to rise from 41.2% in 2019G to 48.0% in 2024G), on the back of factors like Saudi Arabia's increasing levels of per capita disposable income, high urbanization rates, and evolving attitudes towards grocery shopping from Saudi consumers, who increasingly value the higher product quality and variety, enjoyable shopping environment, and convenience offered by modern grocery retailing formats. This trend is expected to see the continued expansion of supermarkets/hypermarkets (which account for a combined 88.3% of modern grocery retail sales in the country in 2019G), as well as support the development of online grocery retailing in Saudi Arabia.

The Western region is anticipated to register the largest expansion in modern grocery retailing market in absolute terms across Saudi regions during the period 2020G-2024G

The Central and Western regions are the largest modern grocery retailing markets in Saudi Arabia, accounting for 37.1% and 30.3% of the country's total market, respectively in 2019G. These are followed in order of importance by the Eastern region (with a share of 18.2% in 2019G), the Southern region (9.9% in 2019G) and the Northern region (4.5% in 2019G). Over the forecast period 2020G-2024G, the Western region is set to register the fastest growth in terms of modern grocery retailing market in absolute terms, expanding by SAR 5.0 billion over that timeframe. This will be driven by factors including expected investment on projects like NEOM, King Abdullah Economic City, Knowledge Economic City, and the Red Sea Tourism Project; government plans to increase religious tourism by about fourfold over 2017G-2030G; and comparatively stronger gains of disposable income levels for the Western region. As a result, the value share of total modern grocery retail market of the Western region is set to rise from 30.3% in 2019G to 31.6% in 2024G. This trend is set to directly benefit BinDawood Holding due to the company's strong position in the Western region, where it operated a network of 35 stores and commanded a market share of 13.2% in value terms in 2019G, making it the second largest player in terms of revenue in this fast-growing region.

The modern grocery retail sector in Saudi Arabia is becoming increasingly competitive partly due to the expansion of existing players and the entrance of new players, with the top five companies in terms of revenue (Panda Retail Co, Abdullah Al-Othaim Markets Co, BinDawood Holding, Saudi Hypermarket LLC, and Saudi Marketing Co) representing a combined 45.5% of total market share in value terms as of 2019G. Among the top five players, only BinDawood Holding presents a clearly differentiated value proposition, with the company's presence across the full value spectrum covering mass mid-market and premium segments (retail stores targeting high-income consumers) through its two brands, BinDawood and Danube, respectively. Most top competitors operating in the industry continue to pursue the expansion of their store network in their chosen focus regions within the Saudi Arabian market, with BinDawood Holding enjoying a firm position for the potential expansion of its two brands (e.g. Danube into foreign premium modern grocery retail markets, such as the UAE, and BinDawood by building on its solid foundation in the Western region as a platform for growth of its store network at a national level).

BinDawood Holding is one of the leaders in the country's modern grocery retailing sector, with the company's strategic, technological and market position providing positive growth prospects over the period 2020G-2024G

BinDawood Holding is one of the leading companies in the Saudi modern grocery retailing market, with a total market share estimated at 8.7% in 2019G (up from 7.6% in 2016G). The competitive positioning of BinDawood Holding covers the full value spectrum, including the high-end of the modern grocery retailing market in terms of income (through its Danube brand) and the mid-market segment (through its BinDawood brand). The Danube brand caters to the premium segment of consumers, enjoying strong brand recognition due to its high quality groceries (including imported products, superfoods and organic produce), carefully designed in-store experience, and initiatives to generate customer engagement (e.g. food festivals). In the case of the BinDawood brand, it enjoys a very strong position in the Western region, especially in the Haramain Area, where it has a competitive advantage due to its high brand awareness, logistics capabilities, and customized regional product mix. The solid position of both of BinDawood Holding's brands in their respective market segments, coupled with the company's focus on technology and sound strategic direction (based on continuous expansion), provide a solid foundation for BinDawood Holding to consolidate its place amongst the leaders of the Saudi modern grocery retailing market.

3.3 Analysis of the Kingdom of Saudi Arabia

3.3.1 Economic Overview

The Saudi Arabian economy is anticipated to continue enjoying sustained growth during 2020G-2024G, on the back of planned investments, and economic and social reforms that are part of the 'Saudi Vision 2030' program

With a total GDP estimated at close to SAR 3.0 trillion (US$ 790 billion) in 2019G, Saudi Arabia remains the largest economy in the Middle East and Africa region[3]. After recording a 0.7% decline in 2017G (caused by a series of one-off events like expatriate levies and exodus, fiscal reforms and a sharp decline in global oil prices), Saudi Arabia's real GDP recovered in 2018G, increasing by 2.2%[4] and is expected to have grown by 1.1% in

3 *Euromonitor International. (2019G), Passport Database*
4 *GASTAT. (2019G), Quarterly GDP and Growth Rates at Current and Constant Prices.*

2019G[5]. The rebound in economic activity was partially driven by factors including the continued implementation of economic reforms; rising government budget revenues (resulting from fiscal consolidation); and a recovery in global prices of crude oil[6].

Positive economic reforms as part of the Saudi Vision 2030 program (a government blueprint to diversify and strengthen the economy) continued during 2018G-2019G[7]. These included efforts to improve the country's business environment (by opening up sectors for private participation, boosting infrastructure investments, and reducing red tape); developing new economic sectors (including tourism and leisure, IT and manufacturing), and strengthening the human capital of Saudi nationals (based on measures to provide skills training, support SMEs, and promote female participation in the labor force). The implementation of these structural reforms allowed Saudi Arabia to better face challenges related to the introduction of VAT (as of January 2018G)[8], relatively high (albeit declining) unemployment for Saudi nationals (at 12.7% by the end of 2018G)[9], and a rise in labor costs caused by the outflow of (mainly) low-skilled expatriates from the country[10].

Backed by the country's economic growth and rising female participation in the labor force, per capita disposable income levels in Saudi Arabia rose at a CAGR of 1.8% in nominal terms between 2017G and 2019G to reach SAR 33,596 (US$ 8,959) in 2019G[11]. Social classes A and B (the top two classes in terms of income, according to the definitions set at the foot of Table 1-3) witnessed the fastest expansion in per capita disposable income levels over that period (with CAGRs of 2.4% and 2.3%, respectively in nominal terms), while social class E (the lowest-income class) experienced the slowest growth (at 1.2% in nominal terms)[12]. This mainly reflects the contrast between the high-earning, financially secure segment of Saudi individuals who generally compose social classes A and B, and the segment of low-skilled expatriates with typically small salaries who make up most of social class E (who have also been negatively impacted by increased fees set by the Saudi government on expatriate workers as well as by the government's policy of Saudization of the labor force)[13]. As a result of these trends, the total number of households with an annual disposable income over SAR 281,250 (equivalent to US$ 75,000 which, based on Saudi Arabia's income distribution, can be considered as affluent) rose by 149,000 between 2017G and 2019G to reach 1.1 million in 2019G[14].

The aforementioned economic and social developments provide a positive backdrop for the country's modern grocery retailing sector, which is also expected to benefit from significant infrastructure investment, programs to develop the country's tourism industry, and support to the overall retail sector as part of Saudi Vision 2030 and its 13 implementation programs[15]. In the area of infrastructure investment, the government has pledged to channel SAR 1.6 trillion (US$426 billion) by 2030G[16] into developing the country's transport, industrial and telecommunications networks, which is expected to drive growth of non-oil sectors and create 1.6 million jobs by 2030G. Likewise, developments in the tourism industry include plans to increase the number of religious visitors (from 8 million to 30 million)[17], major leisure and entertainment infrastructure investments (estimated to attract 50 million visitors by 2030G)[18] and the relaxation of tourism visa procedures. Saudi Arabia's National Transformation Plan also contemplates direct support to the country's retail sector by providing technological solutions, logistics services and training, in order to raise the sector's contribution to GDP from SAR 585 billion (US$ 156 billion) in 2017G to SAR 656 billion (US$ 175 billion) in 2020G[19].

The country's long-term trend of urbanization, which has seen the share of total population living in cities rise from 66.0% in 1980G to 83.9% in 2019G (one of the highest in the Middle East and Africa region)[20], is also supporting favorable prospects for the Saudi modern grocery retail sector. This process is expected to be supported by considerable investment in urban projects as part of the Saudi Economic Cities program, which envisages the construction of at least six planned cities across the country's regions[21]. This includes the megaproject NEOM,

---

5 *Euromonitor International's forecasts.*
6 *Euromonitor International's analysis based on data from the World Bank, International Monetary Fund (IMF). (2019G), Saudi Arabia: Article IV 2019G Consultation – Press Release and Staff Report. Washington, September*
7 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Vision 2030: Progress International Monetary Fund (IMF). (2019G). Saudi Arabia: Article IV 2019G Consultation*
8 *Kerr, S. and Al Omran, A. (2018G), Saudi Arabia and UAE introduce 5% VAT in bid to narrow deficits. In Financial Times.*
9 *GASTAT. (2019G), Labour Market and Social Security*
10 *Copper-Ind, C. (2019G), 1.9 million expats quit Saudi Arabia. In International Investment.*
11 *Euromonitor International's calculations based on Passport Income and Expenditure Database*
12 *Euromonitor International's calculations based on Passport Income and Expenditure Database*
13 *Goncalves, P. (2019G), Over 1,400 expats left private sector in Saudi Arabia during Q2. In International Investment.*
14 *Euromonitor International. (2019G). Income and Expenditure Database*
15 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Vision 2030: Programs*
16 *Dipaola, A. and Nereim, V. (2019G), Saudi Arabia kicks off US$426 billion infrastructure bonanza. In Bloomberg.*
17 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Vision 2030*
18 *Mitchell, B. (2019G), SEVEN unveils more entertainment plans for Saudi Arabia. In Blooloop: Networking the Attraction Business.*
19 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Arabia National Transformation Plan*
20 *Euromonitor International. (2019G). Cities Database*
21 *International Monetary Fund (IMF). (2019G), Saudi Arabia: Article IV 2019G Consultation – Press Release and Staff Report. Washington, September; Saudi*

conceived to be the world's largest planned Smart City, spanning the territory of three different countries with a focus on innovation, trade and livability[22]. Overall, these Economic Cities are expected to act as engines of economic growth, bolster employment, and help spread development across the country's regions, representing growth opportunities for modern grocery retailers, and particularly those with a focus on e-commerce[23].

Saudi Arabia's economic prospects remain positive during the forecast period 2020G-2024G, with the country's real GDP anticipated to grow at a CAGR of 2.2% during this period[24]. A growing economy is expected to continue supporting the expansion of the country's per capita disposable income levels, set to rise at a CAGR of 3.5% in nominal terms over 2020G-2024G to reach SAR 39,560 (US$10,549) in the latter year[25], encouraging more spending on enhanced value products covering several products types, such as food, beverages, household items, apparel and so on. Social classes A and B are projected to keep enjoying the fastest gains in per capita disposable income over the forecast period, backing a 40.0% increase in the number of affluent households (i.e. those with an annual disposable income over US$ 75,000) over 2020G-2024G to reach 1.7 million by 2024G. Furthermore, an expected increase in the country's urban population and in the number of households in the middle class will continue to add to the favorable outlook for the Saudi grocery-retailing sector, particularly for companies focused on the middle- and higher-income segments of the population.

3.3.2 Demographic Overview

Saudi Arabia's young and growing population provides a demographic dividend that is expected to keep supporting growth of the country's economy and consumer market over the forecast period 2020G-2024G

Saudi Arabia's total population grew at a CAGR of 2.5% between 2017G and 2019G to reach 34.3 million by the end of that period[26](representing a total population 1.5 times larger than the rest of GCC countries combined). Saudi nationals accounted for 62.1% of the country's total population in 2019G, while expatriates represented the remaining 37.9% share in the same year[27]. The country's demographic profile is predominantly young, with 47.1% of the total population aged 29 and below in 2019G[28]. As a result, according to the United Nations, Saudi Arabia is enjoying a demographic dividend providing a window of opportunity for accelerated growth of the Saudi economy[29]. Between 2017G and 2019G, the 25-49 year age group was the main driver of the country's demographic expansion. This group corresponds mainly to individuals of working age whose comparatively higher disposable income and spending levels are supporting the increase of the overall Saudi consumer market to reach SAR 1.1 trillion (US $281 billion) in 2019G, following a 3.2% CAGR growth in nominal terms over 2017G-2019G[30].

The average Saudi Arabian household size was 5.6 people in 2019G, higher than both the global and Middle East and Africa averages of 3.5 and 4.7 respectively in the same year[31]. In particular, a total of 65% of Saudi Arabian households have four or more members, backing consumer spending on family-related categories of goods and services, including food and beverages.

Encouraging female employment is one of the main policies of Saudi Vision 2030, which has set the objective of raising female participation in the labor force from 22.0% in 2017G to 30.0% in 2030G[32]. Saudi Arabia recorded the fastest growth rate of women joining the labor force among G20 countries during the period 1998G-2008G[33]. This, combined with a trend of easing social and regulatory restrictions for Saudi women (e.g. being able to drive)[34], and the implementation of government programs designed to facilitate women's entry into the labor force (e.g. the 'Qurrah' scheme to increase the number of childcare centers in the country)[35], is expected to help drive both a rise in disposable income levels of Saudi females and a shift in their lifestyle and consumption patterns. The latter is anticipated to be reflected, for instance, in higher retail spending on personal care products, clothing and footwear, and on premium and higher quality food and beverage products (e.g. those positioned as "health and wellness" and "organic"[36]).

Arabian General Investment Authority, Economic Cities Agency. (2018G), Saudi Arabia's Economic Cities
22 *Saudi Arabian General Investment Authority, Economic Cities Agency. (2019G), NEOM Factsheet*
23 *Saudi Arabian General Investment Authority, Economic Cities Agency. (2018G), Saudi Arabia's Economic Cities*
24 *Euromonitor International's forecasts*
25 *Ibid*
26 *Euromonitor International's calculations based on Passport Population Database*
27 *Ibid*
28 *Ibid*
29 *United Nations. (2019G), Saudi Arabia Population Country Fact Sheet.*
30 *Euromonitor International's calculations based on Passport Income and Expenditure Database*
31 *Euromonitor International's calculations based on Passport Population Database*
32 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Vision 2030*
33 *Women's participation in Saudi labor force at highest growth among G20. In Arab News.*
34 *Perper, R. and Pasley, J. (2019G), List of activities Saudi Arabian women were once banned from doing. In Business Insider.*
35 *Saudi Arabia to establish 233 centers to host children of working women. In Arab News.*
36 *Euromonitor International's analysis based on data from Passport Consumer Megatrends*

Over the forecast period 2020G-2024G, Saudi Arabia's total population is projected to increase by 2.0 million to reach 36.8 million by 2024G[37], driven by a continued rise in the country's population of working age, resulting from the Saudi demographic dividend. This trend is set to keep fueling the expansion of the country's total consumer market, which is expected to rise at a CAGR of 4.9% in nominal terms over 2020G-2024G to reach SAR 1.3 trillion (US$354 billion) by 2024G[38]. Of this figure, 21% will be spent on food and beverages (unchanged from 2019G), supported by the country's large average household size (expected to remain largely stable over the forecast period, standing at 5.5 by 2024G)[39]. The anticipated continued rise in female participation in the labor force is also set to affect both the size and composition of the modern grocery retail sector in the country, as higher purchasing power from Saudi women is likely to favor a transition towards modern grocery retailing formats, due to women's preference for stores offering wider varieties of products, cleanliness, hygiene, facilities for parking, and continuous promotions[40].

Table (3-1): Key Macro-Economic and Demographic Indicators in Saudi Arabia, 2017G, 2018G, 2019G and 2024G

INDICATOR	UNIT(1)	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Real GDP(2)	SAR bn in constant 2019G prices	2,868	2,931	2,963	3,294	1.6%	2.2%
Population	1000	32,613	33,414	34,269	36,797	2.5%	1.4%
Number of Households	1000	5,953	6,067	6,173	6,650	1.8%	1.5%
% Affluent Households(3)	%	16.2	17.2	18.0	25.7	n/a	n/a
Average Household Size	Members per household	5.6	5.6	5.6	5.5	n/a	n/a
Inflation Rate	%	-0.8	2.5	-1.1	2.5	n/a	n/a
Total (Saudis and expats) Unemployment Rate	%	6.0	6.0	5.6	5.5	n/a	n/a
Disposable Income per Capita(4)	SAR	32,423	33,475	33,596	39,560	1.8%	3.5%
Total Consumer Expenditure(5)	SAR bn	988	1,034	1,054	1,328	3.2%	4.9%
Consumer Expenditure on Food and Non-Alcoholic Beverages(6)	SAR bn	204	213	218	273	3.4%	4.7%
Consumer Price Index(7)	2010=100 (meaning the price index is assigned a value of 100, which represents the change in prices from the price reference period, 2010G in this case)	119	122	120	133	0.5%	2.3%
Contribution of Tourism to Total GDP(3)	%	5.6	4.8	5.0	6.2	n/a	n/a
Number of Inbound Tourists into KSA	1000	16,049	16,640	17,380	23,556	4.1%	6.4%

37 *Euromonitor International's forecasts*
38 *Ibid*
39 *Ibid*
40 *Euromonitor International's analysis based on data from Passport Consumer Megatrends*

INDICATOR	UNIT(1)	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Number of Outbound Tourists from KSA	1000	10,289	10,897	11,680	14,508	6.5%	4.5%

Source: Euromonitor International estimates from United Nations, World Bank, International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA and OPEC.

Notes: (1) All SAR figures except for Real GDP are expressed in nominal terms. (2) GDP refers to the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. (3) Affluent households include those with an annual disposable income of more than US$ 75,000. (4) Per capita disposable income is the annual gross income minus social security contributions and income taxes, expressed on a per capita basis. (5) Total consumer expenditure (or total consumer market) comprises the aggregation of personal expenditure on goods - durable, semi-durable and non-durable - and on services in the domestic market, including the imputed rent of owner-occupied dwellings, the administrative costs of general insurance and of life assurance and superannuation schemes. (6) Consumer expenditure on food and non-alcoholic beverages includes food products and non-alcoholic beverages purchased for consumption at home. (7) The Consumer Price Index is a measure of the average change over time of prices that consumers pay for a market basket of consumer goods and services.

3.3.3 Overview of Grocery Retailing at a Global and Middle Eastern level

Modern grocery retail formats are continuously gaining predominance in the grocery retailing landscape both at global and Middle East and Africa levels, a trend expected to persist during the forecast period 2020G-2024G

The global market for grocery retailing grew at an average annual rate of 1.7% in nominal terms between 2017G and 2019G to reach SAR 23.1 trillion (US$ 6.15 trillion) in 2019G[41]. The expansion of the global grocery retailing market over this period was driven by both the increase in the world's total population (CAGR of 1.1% over 2017G-2019G) and a rise in global per capita disposable income levels (CAGR of 2.7% in nominal terms over the same timeframe)[42]. Emerging economies were the major drivers of growth of the global grocery retailing market, with the Middle East and Africa recording the strongest expansion in market size (CAGR of 5.3% in nominal terms between 2017G and 2019G) influenced by grocery growth in countries such as Nigeria, Egypt and Algeria, followed by Eastern Europe (CAGR of 2.9% in nominal terms over the same period)[43].

Modern grocery retailing formats (which include supermarkets, hypermarkets, express stores, forecourt retailers and discounters) continue to gain predominance at a global level, with their share of total grocery retailing sales rising gradually from 60.0% in 2004G to 64.3% in 2019G[44]. However, overall figures for the global grocery retailing landscape mask considerable differences between developed markets like North America, Western Europe and Australasia (characterized by the maturity of their modern grocery retail markets, industry consolidation, and relatively slow demographic and income growth) and emerging markets like the Middle East and Africa, Eastern Europe, and Asia Pacific (where modern grocery retail markets are in their expansion phase, backed by rapidly rising urbanization, fast growth of population and incomes, and changing consumer lifestyles)[45].

In the particular case of the Middle East and Africa region, the total number of modern grocery retailing outlets grew by 107.0% during the period 2004G-2019G, which represented a 98.0% increase in total floor space over the same timeframe[46]. The penetration of modern grocery retailers in Middle East and Africa represented 29.6% of the region's total grocery retailing sales in value terms in 2019G (up from 23.0% in 2004G), with traditional grocery retailers representing the remaining 70.3% of sales in value terms. This is partly due to the historical predominance of traditional retail channels in the region's grocery retailing landscape. However, modern grocery retailing formats have been growing robustly largely supported by factors such as strong growth of per capita disposable income (+97.0% in nominal terms over 2004G-2019G); a swift rise in the urban population (+68.0% over the same timeframe); rising internet penetration and evolving consumer preferences (with households in the region increasingly appreciating the convenience, large product variety, and promotions and discounts offered by the modern grocery retail format). Rising internet penetration in the Kingdom is further reinforced by the growth in both overall internet and mobile retailing (including grocery) during 2017G-2019G. Internet retailing grew from SAR 7 billion in 2017G to SAR 11.7 billion in 2019G. It is anticipated to grow by a CAGR of 26.9% during 2020G-2024G to reach SAR 39.4 billion. Similarly, mobile retailing value sales grew by a CAGR of 36.7% during 2017G-2019G to reach SAR 5.2 billion in 2019G and is further anticipated to reach SAR 22.5 billion by 2024G.

41 Euromonitor International's calculations based on data from Passport's Retailing Database
42 Euromonitor International's analysis based on data from Passport Database
43 Euromonitor International's analysis based on data from Passport's Retailing Database
44 Ibid
45 Ibid
46 Euromonitor International's calculations based on data from Passport's Retailing Database

The rise in the global modern grocery retailing market is expected to continue over the forecast period 2020G-2024G, at a projected CAGR of 3.8% in nominal terms during that timeframe[47], with modern grocery retail outlets and modern grocery retailing total selling space set to expand at CAGRs of 2.4% and 1.4%, respectively over 2020G-2024G. Trends shaping dynamics in the global modern grocery retailing market over the forecast period will include rising competition across price points[48]; a rise of the online channel for grocery shopping[49]; and evolving consumer preferences that shape developments in global modern grocery retailing formats and product positioning such as premiumisation, rising preference for convenience and products positioned as health and wellness, ethical labels and organic. Medium-term prospects for the modern grocery retail format in the Middle East and Africa region are positive, with total sales set to expand at a CAGR of 10.3% in nominal terms over 2020G-2024G[50], backed by continued increases in disposable income, sustained urbanization, and changing consumer attitudes that will favor modern grocery retail shopping in the Middle East and Africa region[51].

Table (3-2): Total Grocery Retail Space at a Global Level and Split by Regions, 2017G, 2018G, 2019G and 2024G (‘000 sq.m)

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Global Grocery Retailers(1)	2,248,260	2,294,931	2,327,537	2,494,108	1.7%	1.4%
Global Modern Grocery Retailers(2)	820,336	835,439	849,330	913,468	1.8%	1.4%
Global Traditional Grocery Retailers(3)	1,427,924	1,459,492	1,478,207	1,580,640	1.7%	1.4%
Middle East and Africa Grocery Retailers(1)	214,273	230,855	237,092	270,994	5.2%	2.7%
Middle East and Africa Modern Grocery Retailers(2)	36,346	37,108	38,253	46,591	2.6%	4.1%
Middle East and Africa Traditional Grocery Retailers(2)	177,927	193,746	198,839	224,403	5.7%	2.4%
Other Regions’ Grocery Retailers(1) (4)	2,033,987	2,064,076	2,090,445	2,223,114	1.4%	1.2%
Other Regions’ Modern Grocery Retailers(2) (4)	783,989	798,331	811,077	866,877	1.7%	1.3%
Other Regions’ Traditional Grocery Retailers(3) (4)	1,249,998	1,265,746	1,279,368	1,356,237	1.2%	1.2%

Source: Euromonitor International estimates from Passport Retail (2019G edition). Data in the table may not add precisely due to rounding

Notes: (1) Grocery Retailers refer to Retailers selling predominantly food/beverages/tobacco and other everyday groceries. (2) Modern Grocery Retailers comprise those grocery channels that have emerged alongside the growth of chain retail, divided into five formats: Hypermarkets, Supermarkets, Express Stores, Discounters, Forecourt Retailers and Convenience Stores (including also non-chain establishments operating within these formats). (3) Traditional grocery retailers are those channels that are invariably non-chain and are, therefore, owned by families and / or run on an individual basis, classified in three formats: Independent Small Grocers, Food/Drink/Tobacco Specialists and Other Grocery Retailers (including also chain establishments operating in the two latter formats). (4) Other regions provided above include all regions excluding Middle East and Africa, such as Western Europe, Eastern Europe, Asia Pacific and Americas.

Table (3-3): Grocery Retailing Value Sales at a Global Level and Split by Regions, 2017G, 2018G, 2019G and 2024G (SAR bn)

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Global Grocery Retailers(1)	22,315	23,105	23,061	28,385	1.7%	4.2%
Global Modern Grocery Retailers(2)	14,362	14,917	14,825	17,883	1.6%	3.8%
Global Traditional Grocery Retailers(3)	7,953	8,188	8,236	10,502	1.8%	5.0%
Middle East and Africa Grocery Retailers(1)	1,966	2,093	2,179	3,499	5.3%	10.4%

47 Euromonitor International’s calculations based on data from Passport’s Retailing Database
48 Euromonitor International. (2019G). Retailing Global Industry Overview
49 Euromonitor International. (2018G). The Global State of Online Grocery
50 Euromonitor International’s forecasts
51 Euromonitor International. (2018G), Grocery Retailing in Middle East and Africa

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Middle East and Africa Modern Grocery Retailers(2)	609	626	647	1,035	3.0%	10.3%
Middle East and Africa Traditional Grocery Retailers(3)	1,357	1,467	1,532	2,464	6.3%	10.4%
Other Regions' Grocery Retailers(1) (4)	20,349	21,011	20,882	24,886	1.3%	3.5%
Other Regions' Modern Grocery Retailers(2) (4)	13,752	14,291	14,178	16,848	1.5%	3.4%
Other Regions' Traditional Grocery Retailers(3) (4)	6,597	6,721	6,704	8,038	0.8%	3.6%

Source: Euromonitor International estimates from Passport Retail (2019G edition). Data in the table may not add precisely due to rounding

Notes: (1) Grocery Retailers refer to Retailers selling predominantly food/beverages/tobacco and other everyday groceries. (2) Modern Grocery Retailers comprise those grocery channels that have emerged alongside the growth of chain retail, divided into five formats: Hypermarkets, Supermarkets, Express Stores, Discounters, Forecourt Retailers and Convenience Stores (including also non-chain establishments operating within these formats). (3) Traditional grocery retailers are those channels that are invariably non-chain and are, therefore, owned by families and / or run on an individual basis, classified in three formats: Independent Small Grocers, Food/Drink/Tobacco Specialists and Other Grocery Retailers (including also chain establishments operating in the two latter formats). (4) Other regions provided above include all regions excluding Middle East and Africa, such as Western Europe, Eastern Europe, Asia Pacific and Americas

3.3.4 Overview of Grocery Retailing in the Kingdom of Saudi Arabia

The country's modern grocery retailing market is set to grow at a healthy pace over 2020G-2024G, with retailers enjoying economies of scale and differentiation better positioned to take advantage of market opportunities

The size of the Saudi Arabian grocery retailing market declined to SAR 137 billion (US$36.6 billion) in 2019G from SAR 146 billion (US$39.0 billion in 2017G)[52]. The decrease of the country's grocery retailing market during this period reflected the impact of one-off events caused by the start of major government reforms for economic restructuring (including the introduction of VAT since January 2018G, higher labor and operating costs due to Saudization of the labor force, low oil prices, expat levies and subsidy reforms), which had a transitional effect on the overall Saudi retailing market as both supply and demand underwent a period of temporary adjustment[53]. Low levels of inflation (expected to reach -1.1% in 2019G, the lowest in 18 years) also impacted grocery retailing sales in nominal terms during the period 2017G-2019G.[54]

Against this backdrop of transitional factors affecting the performance of the country's overall retailing sector, modern grocery retailers began gaining momentum from 2019G (post the decline during 2017G-2018G) to gain ground against traditional grocery retailers (or baqalas), with the former accounting for 41.2% of total grocery sales in the country in value terms in 2019G (up from 40.4% in 2015G)[55]. In terms of total floor space and number of outlets, the share of modern grocery retailing formats rose to 54.4% and 14.2% respectively in 2019G, up from 51.4% and 13.3% respectively in 2015G[56]. The improving predominance of modern grocery retailers is underpinned by a range of factors, including Saudi Arabia's increasing levels of per capita disposable income (which rose at a CAGR of 1.6% in nominal terms over 2015G-2019G to reach SAR 33,541 in 2019G); high rates of urbanization (83.9% in 2019G); increasing penetration of affluent households as well as the growing preference of Saudi Arabian consumers for modern grocery retailing formats, such as hypermarkets, supermarkets and express stores. The latter is due to the higher quality of food and beverage products; more enjoyable shopping environment; competitive price offerings (due to modern retailing formats' higher purchasing power compared to traditional grocery retailers) and greater convenience (due to the possibility of finding a wide selection of product categories under one roof) that modern grocery retailers are able to offer compared to their traditional counterparts,[57] which have also suffered from stricter regulations and controls from the government in order to reduce illegal fronting practices (known as "tasattur") that are widespread amongst baqalas.[58]

Notwithstanding the impact of transitional factors on the broader retailing sector over 2017G-2019G, the modern grocery retailing format continued to enjoy sustained investment inflows during this period (through both the expansion of a number of existing players and the entrance of new players)[59], which attests to the long-term

52 *Euromonitor International. (2019G). Retailing Database*
53 *Euromonitor International's analysis based on data from Passport's Retailing Database, IMF, trade interviews*
54 *Euromonitor International's analysis based on data from Passport Database*
55 *Euromonitor International's analysis based on data from Passport's Retailing Database*
56 *Ibid*
57 *Euromonitor International's analysis based on data from Passport's Retailing Database, trade interviews*
58 *Several shops shut down in Saudization drive after illegal expat practices exposed. In Gulf Business.*
59 *Euromonitor International. (2019G). Retailing in Saudi Arabia*

attractiveness of the Saudi modern grocery retailing market. As longer-term economic reforms being implemented by the government (e.g. boosting Saudi tourism and entertainment sectors; investment in Economic Cities, and rising female participation in the labor force) take hold, total sales of modern grocery retailing formats are expected to grow at an average annual rate of 5.5% in nominal terms (compared to -0.2% for traditional grocery retailing) during the forecast period 2020G-2024G, which will increase their share of the country's total grocery retailing to 48.0% by the end of that period[60]. Likewise, the proportion of total floor space and number of outlets held by modern grocery retailers (out of total grocery retailing) is anticipated to climb to 59.9% and 18.0% respectively by 2024G (both at a compound annual growth rate of 3.4%), reflecting plans for continued expansion by major modern grocery retailers operating in Saudi Arabia.[61]

Supermarkets and hypermarkets are the leading formats in the Saudi Arabian modern grocery retailing landscape, accounting for a combined 88.3% of total modern grocery sales in value terms and 78.8% of total floor space of the segment in 2019G[62]. This reflects factors such as the shopping habits of Saudi consumers (who prefer large-format stores like supermarkets/hypermarkets for their main weekly purchase of groceries, and smaller formats like convenience stores or traditional grocery retailers for grocery top ups); the development of shopping malls across the country's major cities (which generally use supermarkets/hypermarkets as anchor stores); and continued promotions and discounts offered by these two formats (made possible by their larger turnover volumes). As a consequence, supermarkets/hypermarkets are expected to remain the dominant modern grocery retailing formats in the country over the forecast period 2020G-2024G. Meanwhile, convenience stores (anticipated to continue having smaller contribution to the total modern grocery retail value sales in nominal terms compared to supermarkets and hypermarkets) are projected to record the fastest growth in terms of both total floor space and number of outlets (registering CAGRs of 5.6% and 5.5%, respectively over that period)[63]. The Saudi express store segment is expected to rebound from the closure of large number of major stores such as Pandati stores in 2018G, based on the entrance and planned expansion of new players as well as industry players' perception, which confirm the intrinsic attractiveness of the express store format beyond player-specific strategic shortcomings (e.g. trying to compete directly with baqalas and limited offering customization amongst others).

The modern grocery retailing market in Saudi Arabia is highly competitive, led by key players such as Panda Retail Co (owned by Savola Group), Abdullah Al-Othaim Markets Co and BinDawood Holding. These players together accounted for a combined market share of around 39.8% of total modern grocery retailing in value terms in 2019G. Attractive growth prospects for the Saudi modern grocery retailing market are generating rising competition in the segment, with those players enjoying higher economies of scale and focusing on differentiation across the value spectrum enjoying a better position to succeed in this fast-developing market[64]. For instance, modern grocery retailers that have successfully positioned themselves at the high-end of the market (e.g. Danube)[65] have been able to cater to trends such as rising demand for higher quality and variety, health and wellness, and organic products among Saudi Arabian consumers. By investing in achieving a premium positioning in the modern grocery retailing market (perceived in terms of availability of quality imported and unique products, store layout and atmosphere, and customer service levels)[66], these players were able to better withstand the impact of transitional economic factors affecting the overall Saudi retailing market over 2017G-2019G, while other competitors were prompted to rethink their strategies during the transitional period[67].

Likewise, factors such as Saudi Arabia's predominantly young population; relatively high penetration rates of information and communication technology (ICT), goods and services; and consumers' search for convenience create a highly favorable environment for the development of the online grocery retailing segment in the country[68]. These supportive factors have led to a proliferation of platforms offering online grocery retail shopping to consumers in Saudi Arabia's major urban areas (e.g. Riyadh, Jeddah and Dammam), although only few players (e.g. Danube, Carrefour and Lulu) have control over the whole sourcing, while most other competitors act either as third-party grocery delivery companies (e.g. Nana Direct, Qareeb.com and ZAD) or as "pure play" online delivery companies (e.g. Noon.com and Amazon)[69]. Still in its initial stages (representing just 0.2% of the country's total grocery retailing sales in 2019G)[70], online grocery retailing (specifically for food and beverages) in Saudi Arabia generated value sales of SAR 250 million (US$66.6 million) in 2019G (with Danube being the largest player in the segment). Value sales through this channel are expected to rise strongly (up 104.0% over the forecast period

60 Euromonitor International's forecasts; USDA Foreign Agricultural Service. (2018G), GAIN Report on Retail Foods in Saudi Arabia
61 Ibid
62 Euromonitor International's calculations based on data from Passport's Retailing Database
63 Euromonitor International's forecasts
64 Euromonitor International's analysis based on data from Passport's Retailing Database, trade interviews
65 Al Rifai, N. (2019G), Saudi Grocery Retailer BinDawood Group Expanding Aggressively. In ZAWYA.
66 Euromonitor International's analysis based on data from trade interviews
67 Savola Group. (2018G), Annual Report 2018G
68 Euromonitor International's analysis based on data from Passport Database
69 Euromonitor International. (2019G). Retailing in Saudi Arabia
70 Euromonitor International's calculations based on data from Passport's Retailing Database

2020G-2024G) to reach SAR 623.0 million (US$166 million) by the end of that period[71]. This will represent a competitive advantage for players able to seamlessly integrate a multi-channel presence as a way to create value by enhancing consumers' grocery shopping experience; actively engaging customers; and increasing brand awareness among shoppers.

Table (3-4): Grocery Retailing in Saudi Arabia, 2017G, 2018G, 2019G and 2024G

Indicator	Unit	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Grocery Retailers	Value sales (SAR mn)	146,136	139,449	137,105	151,191.5	-3.1%	2.3%
Modern Grocery Retailers	Value sales (SAR mn)	59,566	56,429	56,501	72,563.7	-2.6%	5.5%
Traditional Grocery Retailers	Value sales (SAR mn)	86,569	83,020	80,604	78,627.8	-3.5%	-0.2%
Grocery Retailers	Number of outlets	44,157	42,893	41,892	38,443	-2.6%	-1.5%
Modern Grocery Retailers	Number of outlets	6,127	5,966	5,944	6,914	-1.5%	3.4%
Traditional Grocery Retailers	Number of outlets	38,030	36,927	35,948	31,529	-2.8%	-2.4%
Grocery Retailers	Floor space ('000 sq.m)	7,062	6,938	6,914	7,361	-1.1%	1.7%
Modern Grocery Retailers	Floor space ('000 sq.m)	3,722	3,700	3,762	4,413	0.5%	3.4%
Traditional Grocery Retailers	Floor space ('000 sq.m)	3,341	3,238	3,152	2,948	-2.9%	-0.6%

Source: Euromonitor International estimates from Passport Retail (2020G edition). Note: Data in the table may not add precisely due to rounding.

Table (3-5): Modern Grocery Retailing Value Sales in Saudi Arabia by format, 2017G, 2018G, 2019G and 2024G (SAR mn)

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Modern Grocery Retailers	59,566	56,429	56,501	72,564	-2.6%	5.5%
Hypermarkets	16,681	16,180	16,218	19,886	-1.4%	4.5%
Supermarkets	35,257	33,514	33,695	43,960	-2.2%	5.8%
Forecourt Retailers	3,668	3,501	3,503	4,398	-2.3%	5.1%
Express Stores	3,444	2,758	2,820	3,967	-9.5%	7.5%
Discounters	516	476	266	353	-28.2%	8.0%

Source: Euromonitor International estimates from Passport Retail (2020G edition), desk research and trade interviews with major modern retailing players in the Kingdom.

Note: Data in the table may not add precisely due to rounding

3.3.5 Overview of Grocery Retailing in the Major Regions of the Kingdom

The Western region set to post the largest market expansion in absolute terms over 2020G-2024G compared to the rest

In Saudi Arabia, the regional landscape for modern grocery retailing responds to the specific particularities of each region (including social, economic and demographic), which have shaped the development of modern grocery retail formats over the long-term. The Central region (host to capital city Riyadh) is the country's largest market for modern grocery retailing, worth SAR 21.0 billion in 2019G (equivalent to 37.1% of Saudi Arabia's total)[72]. Its sizeable population; large levels of per household disposable income; high urbanization rates; and increasingly cosmopolitan lifestyles have supported the sophistication of the region's retailing landscape and backed demand for modern grocery retail formats. The Western region (which includes major urban areas such as Jeddah, Makkah

71 Euromonitor International's forecasts
72 Euromonitor International's calculations based on data from national statistics, Passport database, industry sources, and primary and secondary research

and Madinah) ranks second in terms of modern grocery retail spend (representing 30.3% of the country's total in 2019G)[73], mainly due to its vast population (the largest across any Saudi region) and considerable demand being generated by religious tourism to the region's two holy cities. The two dominant regions (Central and Western) are followed in order of size by the Eastern region (which accounted for 18.2% of total modern grocery retail spending in 2019G, mainly concentrated in Dammam, the country's third largest city), and the Southern and Northern regions, which represented 9.9% and 4.5% of Saudi Arabia's total modern grocery retail spending, respectively in 2019G (due to their comparatively lower levels of urbanization and smaller populations compared to other regions).

In terms of total number of outlets and floor space of modern grocery retailers, the Central region continued leading on both counts (representing 37.8% of the country's total modern grocery retailing outlets and 37.0% of total floor space in 2019G)[74], with a particularly high concentration of supermarkets, express stores and forecourt retailers. This was followed by the Western region with 29.7% and 30.4% shares of the country's total modern grocery retailing outlets and floor space, respectively in 2019G[75]. The remaining regions (Eastern, Southern and Northern) accounted for a combined share of more than 32.0% to the country's total modern grocery retailing outlets and floor space, respectively in 2019G[76].

All Saudi regions registered a contraction in modern grocery retail spending in value terms over the historical period 2017G-2019G (in line with the trend at a national level), although comparatively faster demographic growth in the Northern region helped smooth the pace of the decline to a CAGR of -1.4% (the smallest rate of contraction across the country's regions) over this transitional period. Conversely, the relatively larger impact of the dip in global energy prices during the mid-2010Gs on the economy of the Eastern region (predominantly based on the oil sector) was noticeable on the performance of the modern grocery retail market in this region, which posted a CAGR of -4.3% during 2017G-2019G (the steepest decrease across any Saudi region during that timeframe).

The competitive landscape of the modern grocery retailing sector at a regional level includes a set of top players with a national presence (e.g. Panda Retail Co, Abdullah Al-Othaim Markets Co, BinDawood Holding, Carrefour and Saudi Marketing Co) as well as regional players with operations in their particular regions (e.g. Universal Cold Stores)[77]. A summary of leading modern grocery retailers in each region, in terms of market share, can be found in Table 3-9.

National players capitalize on their larger store networks and generally stronger financial backing as a base for expansion within their focus regions, where they are typically able to offer highly competitive prices due to their larger scale[78]. Meanwhile, regional players usually emphasize specific strategies in terms of geography (e.g. Fahd Supplies in the Eastern region, which tries to avoid setting up stores in areas well served by national supermarkets chains); offered services (e.g. Senafe Hail Supermarkets in the Northern region, which tries to differentiate itself from national players in terms of convenience by operating 24/7); and product mix (e.g. Pinas Markets in the Eastern region, which targets expatriates by offering a wide selection of Filipino and Indian products) in order to compete with national players operating in their regions[79].

Over the forecast period 2020G-2024G, the Western region is set to register the largest expansion in modern grocery retail sales in absolute terms (+SAR 5.0 billion) across all Saudi regions over this period[80]. This will be driven by factors including expected strong investment in projects such as NEOM[81], King Abdullah Economic City[82], Knowledge Economic City[83], and the Red Sea Tourism Project[84] (all of which are located within the Western region); government efforts to boost religious tourism[85] (which will benefit the urban economies of Makkah, Madinah and Jeddah, their main gateways); and comparatively faster gains in disposable income levels for Western region households (in relation to the national average)[86]. As a consequence, the share of the Western region's modern grocery retail sales out of the country's total is set to rise from 30.3% in 2019G to 31.6% in

73 *Ibid*
74 *Euromonitor International's calculations based on data from national statistics, Passport database, industry sources, consumer survey and primary and secondary research*
75 *Euromonitor International's calculations based on data from national statistics, Passport database, industry sources, consumer survey and primary and secondary research*
76 *Euromonitor International's calculations based on data from national statistics, Passport database, industry sources, consumer survey and primary and secondary research*
77 *Euromonitor International's analysis based on data from Passport, trade interviews, secondary research*
78 *Ibid*
79 *Ibid*
80 *Ibid*
81 *Saudi Arabia to Begin Building Homes in Futuristic City Neom (2019G). In Arabian Business.*
82 *Inside Saudi Arabia's King Abdullah Economic City (2019G). In Arabian Business.*
83 *Saudi Knowledge Economic City Pens US$6.13 million deal with Chapman Taylor (2019G). In Weetas.*
84 *Saudi Arabia Eyes US$2.7 billion Contracts for Red Sea Tourism Project (2019G). In Arabian Business.*
85 *Council of Economic and Development Affairs (CEDA). (2019G). Saudi Vision 2030*
86 *Euromonitor International's forecasts*

2024G, representing a solid platform for the expected performance of players such as BinDawood Holding which have a strong presence in the Western region. Anticipated strong performance of key players such as BinDawood Holding (through their Danube brand) is expected to shape up consumer preferences towards grocery products that are positioned as premium (high price products), health and wellness, organic amongst others through their wide availability of quality imported products, enhanced store layout, and customer service[87].

Table (3-6): Modern Grocery Retailing Value Sales in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G (SAR mn)

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Modern Grocery Retailers	59,566	56,429	56,501	72,564	-2.6%	5.5%
Northern Region	2,614	2,517	2,540	3,620	-1.4%	7.7%
Southern Region	5,888	5,572	5,576	7,250	-2.7%	5.8%
Eastern Region	11,238	10,294	10,291	12,665	-4.3%	4.6%
Central Region	21,634	20,914	20,964	26,092	-1.6%	4.3%
Western Region	18,192	17,132	17,130	22,936	-3.0%	6.4%

Source: Euromonitor International estimates from Passport Retail (2018G edition), desk research and trade interviews with major modern retailing players in the Kingdom. Note: Data in the table may not add precisely due to rounding

Table (3-7): Modern Grocery Retailing Outlets in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Modern Grocery Retailers	6,127	5,966	5,944	6,914	-1.5%	3.4%
Northern Region	241	236	237	308	-0.9%	5.7%
Southern Region	620	603	601	708	-1.6%	3.7%
Eastern Region	1,162	1,115	1,095	1,220	-2.9%	2.5%
Central Region	2,271	2,233	2,246	2,532	-0.6%	2.8%
Western Region	1,833	1,779	1,766	2,146	-1.8%	4.3%

Source: Euromonitor International estimates from Passport Retail (2018G edition), desk research and trade interviews with major modern retailing players in the Kingdom.

Table (3-8): Modern Grocery Retailing Selling Space in Saudi Arabia by key regions, 2017G, 2018G, 2019G and 2024G (1000 sq.m)

Indicator	2017G	2018G	2019G	2024G	CAGR 2017G - 2019G	CAGR 2020G - 2024G
Modern Grocery Retailers	3,722	3,700	3,762	4,413	0.5%	3.4%
Northern Region	151	151	155	203	1.2%	5.7%
Southern Region	368	365	371	441	0.5%	3.6%
Eastern Region	712	698	700	786	-0.8%	2.5%
Central Region	1,352	1,357	1,393	1,583	1.5%	2.7%
Western Region	1,139	1,128	1,143	1,400	0.2%	4.3%

Source: Euromonitor International estimates from Passport Retail (2018G edition), desk research and trade interviews with major modern retailing players in the Kingdom. Note: Data in the table may not add precisely due to rounding

87 *Euromonitor International's analysis based on data from trade interviews*

Table (3-9): Leading (Top 5) Modern Grocery Retailers in Saudi Arabia by key regions, 2019G (% market share in value terms)

Region	Rank	Name of Key Player	Regional Market Share (%)
North	1	Abdullah Al-Othaim Markets Co	18.1%
	2	Panda Retail Co	17.7%
	3	Saudi Marketing Co	2.7%
	4	Naft Services Co	1.2%
	5	Tamimi Group	1.0%
South	1	Panda Retail Co	20.1%
	2	Abdullah Al-Othaim Markets Co	16.3%
	3	BinDawood Holding	9.0%
	4	Al Raya Markets Trading Co Ltd	8.3%
	5	Saudi Marketing Co	2.2%
East	1	Panda Retail Co	21.9%
	2	BinDawood Holding	8.9%
	3	Abdullah Al-Othaim Markets Co	7.3%
	4	Saudi Marketing Co	5.6%
	5	Emke Group	5.0%
Central	1	Panda Retail Co	21.6%
	2	Abdullah Al-Othaim Markets Co	19.5%
	3	BinDawood Holding	5.9%
	4	Saudi Hypermarket LLC	4.8%
	5	Al Sadhan Trading Co	4.8%
West	1	Panda Retail Co	16.6%
	2	BinDawood Holding	13.2%
	3	Al Raya Markets Trading Co Ltd	2.7%
	4	Abbar Group	2.6%
	5	Manuel Trading Co Ltd	2.2%

Source: Euromonitor International estimates from Passport Retail (2020G edition), secondary research and trade interviews with major modern retailing players in the Kingdom. Note: Table includes only the five largest players in each region in terms of market share. Share of other players in each region will be equal to 100%-sum of the top 5 players' share.

3.3.6 Competitive Landscape within the Modern Grocery Retailing Market in the Kingdom

The Saudi modern grocery retailing market is becoming increasingly competitive as current major players continue to expand and new players are attracted by the size, long-term growth and favorable prospects of the market, the Saudi modern grocery retail sector has become increasingly competitive. As of 2019G, the top five players in the sector were Panda Retail Co (with a market share of 19.8% in value terms); Abdullah Al-Othaim Markets Co 11.3%; BinDawood Holding 8.7%; Saudi Hypermarket LLC 2.7%; and Saudi Marketing Co 2.3%. Together, these five companies accounted for a combined 45.5% of total market share in value terms in 2019G. [88]

Competitive dynamics during this period were marked by the impact of one-off factors such as Saudization, fiscal reforms and a dip in global oil prices (which created challenging market conditions for modern grocery retailers due to rising labor costs and reduced consumer demand). As a result, Panda Retail Co saw its market share in the country's modern grocery retail market (in value terms) decline by 2.5% points between 2016G and 2019G[89], which contrasted with the performance of BinDawood Holding and Abdullah Al-Othaim Markets Co, whose market shares increased by 1.2% and 1.7% points, respectively (the largest gains across Saudi modern grocery retailers over the same timeframe). The decrease in Panda's market share was due to the strategic redirection of Panda Retail Co (which closed all of its 181 Pandati convenience stores and 15 Panda supermarkets over that period)[90]. BinDawood Holding and Abdullah Al-Othaim Markets Co., also witnessed growth in their retail selling spaces which grew by a CAGR of 9.8% and 10.1% respectively during 2016G-2019G[91].

Most of the top five players in the country's modern grocery retailing sector have a "value-for-money" positioning based on offering a relatively good variety of products at competitive prices, within which companies try to emphasize different benefits such as convenience/accessibility (e.g. Panda Retail Co); store layout (e.g. Saudi Hypermarket LLC); and price affordability (e.g. Abdullah Al-Othaim Markets Co, Saudi Marketing Co)[92]. From the five largest players in terms of market share, only BinDawood Holding presents a clear strategy of differentiation based on in-store experience, quality of products, and customer service, which was instrumental in the company's robust performance during the 2016G-2019G (1.2% points gain) compared to Tamimi Group (0.2% points gain during the same period) which is perceived as another premium modern grocery player (targeting high-income consumers) in the market by consumers[93]. The effectiveness of this strategy can be appreciated, for instance, through the average sales per outlet of Danube supermarkets, which reached SAR 109.5 million in 2019G, about three times higher than the average for supermarkets from the other top four players[94]. Also important as a competitive advantage is BinDawood Holding's presence across the full value spectrum through its two brands Danube and BinDawood, both of which enjoy strong brand recognition in their respective segments, providing an edge over other major competitors that operate only in one segment of the market.

Beyond their particular market positioning, most of the largest companies in the Saudi modern grocery retailing market have in general sought to expand their retail network during the period 2016G-2019G, with the notable exception of Panda Retail Co, where the hit taken by the closure of a large share of its stores prompted a reformulation of its strategy to follow guidelines of "store conversion and rationalization"[95].

This consolidation process is set to be supported by the expansion of the retail network of both national chains (Saudi Hypermarket LLC is forecast to expand in the Central, Eastern and Western regions, and Saudi Marketing Co outside the Central region) and regional chains (Fahd Supplies is expected to expand in the Eastern region, and Universal Cold Stores in the Central region)[96] in the Kingdom over the long-term. In the case of BinDawood Holding, the strength of its Danube brand constitutes a solid base for potential expansion into premium foreign markets (e.g. the UAE), while the robust position of the BinDawood brand in the Western region represents a firm platform for potential growth of its store network in other regions of the Kingdom such as Central and Eastern[97].

---

88 *Euromonitor International's calculations based on Passport Retailing Database*
89 *Euromonitor International. (2019G). Retailing Database*
90 *Euromonitor International's analysis based on data from Passport, trade interviews, and secondary research*
91 *Euromonitor International's analysis based on data from Passport, trade interviews, and secondary research*
92 *Euromonitor International's analysis based on data from Consumer Survey, trade interviews, secondary research*
93 *Ibid and Euromonitor International's analysis based on data from Consumer Survey, trade interviews, secondary research*
94 *Euromonitor International's analysis based on data from Passport, trade interviews, secondary research*
95 *Ibid*
96 *Euromonitor International's analysis based on data from Passport, trade interviews, secondary research*
97 *Ibid*

Table (3-10): Modern Grocery Retailing Value Split (by %) by Key Players, 2017G-2019G

Name of Key Player	2017G	2018G	2019G
Panda Retail Co	19.6%	19.7%	19.8%
Abdullah Al-Othaim Markets	10.2%	11.1%	11.3%
BinDawood Holding	8.1%	8.2%	8.7%
Saudi Hypermarket LLC	3.0%	2.9%	3.0%
Saudi Marketing Co	2.6%	2.7%	2.7%
Others	56.5%	55.4%	54.5%

Source: Euromonitor International estimates from Passport Retail (2020G edition), desk research and trade interviews with major modern retailing players in the Kingdom.

Table (3-11): Number of Modern Grocery Stores by Key Players, 2017G-2019G

Name of Key Player	2017G	2018G	2019G
Panda Retail Co	367	219	214
Abdullah Al-Othaim Markets	175	203	214
BinDawood Holding	61	67	69
Saudi Hypermarket LLC	17	17	17
Saudi Marketing Co	87	99	103
Others	4,041	3,961	4,019

Source: Euromonitor International estimates from Passport Retail (2020G edition), desk research and trade interviews with major modern retailing players in the Kingdom.

3.3.7 Positioning of BinDawood Holding within the National Market for Modern Grocery Retailing

BinDawood Holding benefits from the solid positioning of its two brands (BinDawood and Danube) in their respective market segments, a focus on technology and innovation, and sound strategic direction

BinDawood Holding (through its retail brands BinDawood and Danube) is one of the leading players in the Saudi modern grocery retailing market, with total sales in value terms reaching SAR4.8 billion in 2019G, up from SAR4.5 billion in 2016G[98]. This represented BinDawood Holding's share accounting for around 8.7% of the national modern grocery retailing market in 2019 (up from 7.6% in 2016), consolidating its position as the country's third largest player in the sector. In 2019G, the top five companies in the market were Panda Retail Company (with a market share of 19.8% by value), Abdullah AlOthaim Markets Company with a 11.3% share, BinDawood Holding with a 8.7% share, the Saudi Hypermarkets Company Limited with a share of 3.0%, and the Saudi Marketing Company with a 2.7% share. The five companies together achieved a share of 45.5% of the total market value in 2019G.

This is partially influenced by BinDawood Holding's strong presence in the Western region, which is one of the country's largest regions for modern grocery retailing, accounting for 30.3% of Saudi Arabia's total value sales of modern grocery retail in 2019G. In this region, the company has a value share of more than 13.2%[99] and a network of 35 stores as of 2019G which provides a solid foundation for the company's robust performance and continued expansion.

As of 31 December 2019G, BinDawood Holding operated a total of 69 modern grocery retailing outlets (which carried a total of 140,000 SKUs, the widest product assortment across Saudi grocery retailers) mostly across the Western, Central, Eastern and Southern regions of Saudi Arabia, with a well-established presence in the hypermarkets and supermarkets formats while also having started to explore formats such as convenience stores (also referred to as express stores)[100]. BinDawood Holding is a front-runner in technology in the country's modern grocery retailing market, being the first company in the sector to deploy self-checkout systems and operating two of the most successful online grocery shopping platforms in Saudi Arabia. BinDawood Holding's business model

98 *Euromonitor International (2019G), Retailing Database*
99 *Euromonitor International (2019G), Retailing Database*
100 *Euromonitor International from industry sources*

has been recognized by awards like the “Most Admired Food & Beverage Retailer, KSA” (in 2018G) and “Most Admired Online Retailer, KSA” (in 2019G) from the Retail Middle East Awards; and the “Industry Excellence Award Food & Beverage” (in 2019G) from the Saudi Top Achiever Awards.

The competitive positioning of BinDawood Holding is unique amongst Saudi modern grocery retailers, covering the full value spectrum through its brands Danube (for the premium segment) and BinDawood (for the mass mid-market segment)[101]. The Danube brand is the leader in the premium segment of the Saudi modern grocery retailing market, catering mainly the affluent households (whose share has been increasing from 16.2% in 2017G to 18.0% in 2019G of the total number of households in the Kingdom) with high-quality groceries (including imported products, superfoods and organic produce) and home care accessories. This has helped the company earn strong brand recognition as a key premium modern grocery retailer (reflected in more than 90.0% of surveyed respondents perception)[102] amongst Saudi consumers. This successful positioning has been supported by actions like distribution rights to premium brands in Saudi Arabia; a careful selection of imported goods not available through other retailers in the country; and emphasis on the provision of fresh fruits and vegetables sourced internationally (as opposed to regionally like most other retailers). Danube is also the leader in Saudi Arabia in terms of online grocery retailing (through the platform Danube Online). The brand emphasizes the meticulous creation of a superior in-store experience through aspects like amplitude, style and cleanliness of the shopping space and the focus on customer service and technology. In addition to that, the brand also creates strong customer engagement through food festivals including ‘Bon Appétit’, ‘Chocolate Festival’ and ‘World Week of Italian Cuisine’ (with the participation of international visiting chefs). Both BinDawood and Danube brands are known to be hosting more than 40 such food festivals a year.

The Company’s strategy on product portfolio has also been influenced by quality and evolving dynamics in the retail industry and Kingdom such as rising internet penetration (among consumers enabling them to be more knowledgeable about product choices than in earlier years); the trend towards premiumisation of grocery retailing (where consumers are demanding higher quality and variety of products) and improvement of female employment amongst others. Store layouts coupled with such an attractive and informed product portfolio have been paramount in helping Danube successfully enhance the in-store shopping experiences for its customers.

In the case of the BinDawood brand, it enjoys a solid position in one of the largest growing regions of the Kingdom, the Western region, where its particular strength lies in catering to the important market for religious tourists. The brand serves the Haramain Area since 1984G, thanks to the ease of access thereto, warehousing capabilities and customized regional product mix (through value-for-money healthy product offerings and emphasizing on a wide range of travelers’ accessories). BinDawood has around eight Stores fully operational around the Haramain Area. These stores also act as warehouses for each other with readily available inventory. This, particularly, contributed to the dominance of BDSS in the area compared to other competitors who faced challenges in distributing and maintaining inventory in their stores due to limited of ease of transport around the area. Furthermore, while targeting the mid-market segment of consumers, the BinDawood brand seeks to increase value for its customers through actions like the introduction of a platform for online grocery retailing (launched in 2019G), which improves the brand’s value proposition in relation to other competitors in the segment.

Overall, BinDawood Holding’s status as a key national player, and its very strong position in the Western region, places the company in a privileged position to continue with its strategic plans for expansion. This will allow the company to further enhance its economies of scale and overall competitiveness[103]. The anticipated robust performance of the Western region over the forecast period 2020G-2024G, particularly taking into account the government’s considerable projected investments in infrastructure and its plans to increase religious tourism inflows by about four-fold by 2030G, directly benefit the core market of the BinDawood brand, given its presence in the modern grocery retailing market in the Haramain Area.

This, combined with the company’s focus on technology and innovation; its unique positioning covering the full value spectrum (where its two brands Danube and BinDawood enjoy strong positions in their respective market segments); its premium product mix (for example imported products, super foods and organic products); and sound strategic direction set a solid stage for BinDawood Holding to solidify its position among the leaders in the Saudi modern grocery retailing market.

101 *Euromonitor International’s analysis based on data from Passport Database, industry sources, trade interviews, and primary and secondary research*
102 *Euromonitor International’s analysis based on consumer survey conducted across 1361 consumers across different key regions in Saudi Arabia in 2019G*
103 *Ibid*

4. THE COMPANY

4.1 Overview of the Company and its Business Activities

BinDawood Holding Company (together with its Subsidiaries (unless the context otherwise requires), the "**Company**") is a joint-stock company established under commercial registration no. 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G), pursuant to ministerial resolution no. Q/266, dated 12/08/1438H (corresponding to 8 May 2017G). The Company's registered Head Office according to its commercial register is located at Alaziziya, Main Road, Makkah. The Company's P.O. Box is 51280. The Company's current share capital is one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000), divided into one hundred and fourteen million three hundred thousand (114,300,000) ordinary shares with a fully paid-up nominal value of SAR 10 per Share. The Company's main activities, as provided under its certificate of registration, comprise the activities of holding companies, i.e. assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the subsidiaries. The Company does not practice any commercial activity. However, the Company's principal activity as a holding company is to manage its Subsidiaries.

The Company is one of the leading grocery retail operators of hypermarkets and supermarkets in Saudi Arabia, being the third largest by market share based on revenue for the year ended 31 December 2019G, according to the Market Study. Trading under the "BinDawood" and "Danube" brands, the principal activities of the Company's Stores comprise of trading of FMCG, Fresh Food Products (as defined in this Section 4) and Non-Food Products, including household consumable items, as well as the ownership and management of in-store bakeries. As at the date of this Prospectus, the Company's operating portfolio comprises 73 Stores, which are located strategically throughout Saudi Arabia and appeal to different segments of consumers, including the Hajj and Umrah visitors. Management believes the Company operates leading grocery stores in Saudi Arabia where "the world comes to shop".

As at the date of this Prospectus, the Company's Stores had a total Selling Area of 364,475 square meters and a Total Area of 555,527 square meters. The Company's total Selling Area in square meters increased at a CAGR of 4.8% from approximately 319,000 square meters by the end of 2017G to approximately 350,000 square meters as at 31 December 2019G. In addition, over the same period, the number of Stores increased at a CAGR of 6.4% from 61 Stores by the end of 2017G to 69 Stores as at 31 December 2019G. The Company's Stores generated an average basket size (being the average value of purchases per customer for each Store visit) of SAR 104.3 for the financial year ended 31 December 2019G, up from an average basket size of SAR 91.4 in 2017G, representing a CAGR over this period of 6.9%. The Company generated total revenues of SAR 4,766.3 million, SAR 4,554.2 million and SAR 4,843.8 million for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively.

The Company operates one of the most popular grocery retailers in Saudi Arabia, having recently won the Most Admired Online Retailer, KSA, from the Retail Middle East Awards (April 2019G) and Most Admired F&B Retailer, KSA, from the Retail Middle East Awards (November 2018G). The Company also featured at number 25 and number 36 in the Top 50 private companies as listed by Forbes Middle East, 2019G and 2018G, respectively.

The Company has historically experienced a consistent growth of 6.4% in revenue between 2018G-2019G and a well-balanced expansion of Stores. The unique customer experience and locations of the Company's Stores as well as its operational efficiencies and successful management of suppliers helped the Company strong and sustainable profit margins (its gross profit margins (based on its financial statements) were 21.1%, 34.1% and 34.0% in 2017G, 2018G and 2019G, respectively and its gross profit margins (as adjusted) were 32.4%, 34.1% and 34.0% for the same periods, respectively).

Management believes the Company deploys cutting-edge capabilities in store development, design, layout, management and marketing and in e-commerce. It was the first retail grocery operator in the Kingdom to offer online sales through the Danube App, a mobile phone application and online platform launched in 2017G, with the BinDawood App and online platform following in 2019G. As at the date of this Prospectus, the online platform sources its products for delivery from 31 of the Company's Stores and the Company intends to increase the number of Stores that support online shopping to 50 by the end of 2020G.

Supported by a highly experienced management team with an average experience of 20 years, the Company seeks to continuously attract customers to its Stores, which provide more than 140,000 SKUs from leading FMCG suppliers such as Almarai, Saudia Dairy & Foodstuff Company, Nestlé, Procter & Gamble, Unilever and Mondelēz International. The Company has strong relationships with 25 large, strategic Key Suppliers, each of which participates in a variety of the Company's promotional and marketing activities in its Stores. The Company's retail offering in its Stores is also diversified, with a full range of FMCG (including food merchandise products), which comprise the majority of the Company's revenues, and a comprehensive range of Non-Food Products (including homeware products and clothing). In addition, in most Stores, the Company operates in-house bakeries and in a number of Stores also provides in-store coffee shops, in each case operating under the "Danube" brand. Management believes this enhances the Company's overall retail offering, attracts customer traffic and maximizes returns on its Stores portfolio.

The Company's business model leverages growing consumer demand for high quality food products and household items in the Kingdom at competitive prices. In particular, Management recognizes that hypermarkets and supermarkets are of central importance to the retail sector in the Kingdom and believe that they will continue to be in the future. Management continues to seek opportunities and create new retail concepts across its Stores portfolio. The Company also seeks to create cutting-edge designs for each of its Stores with an optimal merchandise mix of FMCG, Fresh Food Products, Non-Food Products and other retail offerings across its Stores. Management believes that the Company is the "go to" supermarkets operator in the Kingdom as it meets the needs of consumers. The Company's Stores are generally distinguished by the breadth of the SKUs, which sets them apart from other competing stores. Furthermore, most of its Stores provide high quality bakeries, self-checkout and high quality customer service.

The Company's Stores are strategically located across Saudi Arabia, including in Riyadh, Jeddah, Makkah, Madinah, Khobar, Dammam, Jizan and Abha. The Company's target market includes several categories of consumers including Hajj and Umrah visitors and other consumers, in the case of its BinDawood Stores, and consumers looking for a different and unique experience, in the case of its Danube Stores. BinDawood Stores have a strong presence in the mid-market segment, providing a unique experience to low- to mid-income locals, expats and pilgrims. In contrast, the Danube Stores have a strong presence in the premium market segment, targeting mid- to high-income locals and expats. Together this captures a broad portion of the Saudi retail market. In addition, the Company operates a retail grocery chain in the immediate vicinity of the Two Holy Mosques, giving it unparalleled access to increasingly large number of pilgrims who visit the Kingdom on an annual basis. As at the date of this Prospectus, the Company's Stores portfolio comprises 51 Hypermarkets and 22 Supermarkets, each of which is designed and positioned to optimize its appeal to the surrounding community.

Management believes that the Company provides potential investors with quality exposure linked to the largest grocery retail market in the Kingdom, the largest market among the GCC countries, with a Saudi market size of approximately SAR 137 billion in 2019G, according to the Market Study. In addition to being the largest grocery retail market in the GCC, the Saudi Arabian market benefits from a number of socio-economic factors that support growth in the retail sector. Saudi Arabia has a relatively young and growing population, with an average annual rate of 2.5% population growth from 2017G to 2019G and with 47.1% of the population under the age of 29 years old in 2019G, according to the Market Study. The Kingdom has also seen an increasing disposable income per capita at a CAGR of 1.8% in nominal terms from 2017G to 2019G, which is projected to increase at a CAGR of 3.5% from 2020G to 2024G, according the Market Study. Furthermore, a significant increase in the number of Hajj and Umrah visitors in Makkah and Madinah in the Western Region of the Kingdom (based on Saudi government's plans to increase the number of religious visitors to 30 million by 2030G) is expected to further increase the addressable population.

The Company intends to roll-out new stores in line with its recent historical track-record and has three new store leases in place as part of its expansion strategy. As part of its expansion strategy, Management aims to preserve profitability of the Company when considering the feasibility of new locations, based on stringent site selection criteria (for further details please refer to Section 4.10 ("**Future Plans and Growth Opportunities**")).

4.2 Vision and Mission of the Company

4.2.1 Vision

The Company's vision is to be the best grocery retail brand in Saudi Arabia and a leader in this growing market sector. The Company aspires to be known by its customers and partners for its commitment to quality products, outstanding customer service, and strong supplier relationships. The Company's people enable its success, and the Company always aims to recruit, train and retain the best available talent.

4.2.2 Mission

The Company is dedicated to offering an exceptional shopping experience. The Company strives to provide its customers unmatched standards of quality, value, service and convenience. The Company continuously explores new market opportunities and aims to create value for all of its people and partners.

4.3 Competitive Advantages and Strengths of the Company

Management believes the Company's principal competitive advantages and strengths are as follows:

4.3.1 Access to a growing market supported by a stable macroeconomic backdrop, further complemented by KSA's Vision 2030

With a total estimated GDP of SAR 3.0 trillion (2019G), KSA is the largest economy in the MENA region. KSA is also the largest grocery retail markets in the GCC region, with a market size reaching approximately SAR 137 billion in 2019G, according to the Market Study.

Supported by a number of macroeconomic developments, the Saudi Arabian economy remains the largest and most attractive economy in the GCC region, underpinned by:

- strong population growth expected to reach 34.3 million inhabitants by the end of 2019G and a forecast CAGR of 1.4% from 2020G-2024G, with 47. 0% of the total population aged 29 and below in 2019G;
- an increasing disposable income per capita at a CAGR of 1.8% in nominal terms from 2017G-2019G and 3.5% in nominal terms from 2020G-2024G, on the back of overall economic growth, rising female participation and declining unemployment;
- a continuing trend of urbanization (with 84.0% of total population living in cities in 2019G) and increase in the number of middle-income and affluent (higher-income) households (with the number of affluent households in particular forecast to increase by 40.0% during 2020G-2024G);
- continued implementation of positive economic reforms in KSA, including opening up sectors for private participation, boosting infrastructure investments, developing new economic sectors (including tourism and leisure), and continuously promoting female participation in the workforce.

The Saudi government announced its new strategy, Vision 2030, back in 2016G, which presents a comprehensive agenda of socio-economic reforms, with the key objective being the diversification of Saudi Arabia's economy and reduction of its reliance on oil-related revenues. The Vision's initiatives include, but are not limited to, enabling the retail sector, increasing Hajj and Umrah visitors inflow, increasing tourism contribution to 10.0% of the country's GDP, and increasing spending on culture and entertainment from 3.0% to 6.0%, all of which contribute to a positive backdrop for the economy overall, including the grocery retail sector.

Furthermore, KSA expects a significant influx of tourists on the back of significant developments in the tourism industry, including plans to increase the number of Hajj and Umrah visitors (increasing to 30.0 million by 2030G), major leisure and entertainment infrastructure investments (estimated to attract 50.0 million visitors by 2030G) and the relaxation of tourism visa procedures, thereby further enlarging the addressable consumers. At present, Saudi Arabia's tourism sector is largely driven by religious tourism as the country has the privilege of being home to the two holiest sites in Islam (which are located in the cities of Makkah and Madinah). The growth in the influx of tourists is expected on the back of continuous social reforms implemented by the Saudi government, and is supported by Vision 2030's objective of developing the local tourism industry, including increased ease of obtaining tourism visas, relaxation of visa restriction with multi-city travel, and increased promotion of tourism campaigns and events.

The Company will further contribute to Vision 2030 by providing support to SMEs and productive families by offering them the chance to display their products in the Company's Stores, thereby enhancing premium customer-centric shopping experiences and by offering the largest portfolio of organic and allergy-free food promoting health and wellness lifestyles.

The aforementioned trends and economic reforms have a direct impact on the KSA modern grocery retail market. It is expected to see robust growth, estimated as 2.3% CAGR for the years 2020G-2024G and increase its share in the overall market significantly during this period, from 41.0% (2020G) to 48.0% (2024G). As per the Market Study, this is underpinned by the increasing number of consumers in KSA wishing for modern grocery formats and to access a wide selection of product categories under one roof) that they offer. (See Section 3 ("**Market and Sector Overview**") for more information on the KSA grocery retail market).

4.3.2 Differentiated and innovative grocery proposition in the market, covering a wide consumer spectrum in the Kingdom across the "Danube" and BinDawood" differentiated and widely recognized brands

4.3.2.1 The "Go To" Grocery Retailer Catering to the Needs of all Segments of Consumer Demographics

The Company conducts its operations under two distinct and well-recognized brands, through which it has the ability to address customers across all socioeconomic groups:

- **BinDawood**, which is uniquely positioned for offering a balanced product mix, caters to a broad customer base, and has strong recognition particularly amongst the Hajj and Umrah visitors population in KSA, as an operator of a retail grocery chain in the immediate vicinity of the Holy Mosques; and
- **Danube**, which has established itself as a grocery retailer offering a different and unique shopping experience, including a wide variety of relatively premium product mix, such as fresh and hand-picked imported products.

The two brands allow the Company to negotiate with its Key Suppliers and achieve a better reduction in the cost of revenues arising from Supplier Support Incentives as it provides suppliers with access across socio-economic groups.

4.3.2.2 Unique Customer Proposition and Experience

The Company's value proposition to customers is focused on a number of key facets as described below, largely aimed at providing a superior shopping experience, with superior quality in products and services:

- **Premium Product Offerings** – The Company, across both brands, offers the widest range of premium products in KSA, including a selective set of hand-picked imported merchandise (selected and imported by the Company) including Starbucks, Jardin Bio, Organic Larder and biona organic. The imported purchases amounted to 6.2%, 5.5%, and 6.4% from the total of gross purchases for the years 2017G, 2018G, and 2019G respectively. The Company typically reviews and selects international merchandise at overseas food fairs or exhibitions by suppliers operating primarily in Europe and China, and manages these import operations through a number of sales agents by region. The Company also enters into agreements with suppliers to provide premium brands to its customers. The Company is also able to preserve product/brand image via minimal and infrequent discount retailing.
- **Market-leading product assortment, which fits different categories of consumers** – The Company has an overall assortment of more than 140,000 active SKUs from local, regional and international suppliers and its Stores are generally distinguished by the sheer depth of their product offering and high levels of product availability, including leading and reputable brands. It takes a disciplined approach to its store-level SKU assortment, which is typically in the 30,000-90,000 range and is tailored to its surrounding demographics and latest consumption trends based on proprietary customer data with a focus on satisfying the local and expat population. The Company also builds on opportunistic non-food offerings for stores serving the pilgrims and tourists (particularly in Stores serving pilgrims). In terms of its non-food offering, the Company has long-standing experience and in-depth knowledge of the needs of pilgrims visiting Haramain Area Stores and seasonal requirements of local households across Saudi Arabia.

- **Fresh Oriented Experience** – The Company is one of the few grocers with direct farm sourcing internationally. The Company's short shelf-life products are managed efficiently and sold within a narrow selling window. Furthermore, particularly under the Danube brand, the Company's product offering incorporates a focus on fresh products, with fresh meat and fish counters, as well as offering fresh fruits, a portion of which are directly imported. The majority of the Company's Stores also include premium in-store bakeries catering to the taste of locals and expats, focusing on cleanliness and offering freshly baked goods made with high-quality ingredients and fresh products, which compete with specialist pastry shops. The Company has competitive pricing in its bakery ranges compared to specialized bakeries. The in-store bakeries also offer on demand and made-to-order cakes. In certain cases, the Company's Stores also include in-house coffee shops operating under the "Danube Coffee" brand. Management believes that this approach enhances the Company's overall retail offering within its stores, and thereby attracting customer traffic and maximizing returns on its stores portfolio.

- **Affordable Quality** – The Company's pricing strategy is designed to offer products at competitive prices to its customers, making use of purchasing synergies between BinDawood and Danube and taking into account the category of consumers targeted by each brand, as well as the category of consumers targeted by the offering of the product itself. Prices are compared against competitors on a weekly basis and products are priced competitively. Through its continual monitoring of market prices and trends, the Company strives to ensure an optimal product mix is available to customers that encompasses leading brands yet at competitive prices.

- **Unique shopping experience** – The Company strives to provide its customers with a unique, enhanced shopping experience as well as convenience, by focusing on the design and layout of its Stores as well as achieving operational efficiencies through optimal use of Store space. The wide and rich variety of products available in the Company's Stores attract high income customers.

  The Company also adopts a customer centric engagement approach, and indulges its customers with a seasonal and festive focus across its brands – it currently hosts more than 40 festivals, spanning across various themes (e.g. back to school, chocolate, coffee) and in some cases, the events are geared towards international cultures or cuisines. An example of the latter is the Italian Food Festival, which was hosted at the Red Sea Mall in Jeddah in November 2019G in collaboration with the Italian Consulate and H.E. Consul General of Italy, Stefan Stucci. In addition, the Company hosted a 'Coffee Festival' from 6 to 19 February 2019G across all Danube Stores. The event involved coffee tasting and sampling, coffee promotions, various customer engagement activities and in-store live product demonstrations.

  In addition, the Company ensures to hire, train, and develop knowledgeable in-store management and staff who are familiar with the Company's offerings, and have a strong focus on customer experience. The Company tracks customer service satisfaction and offers open communication across multiple different channels. The Company uses 'HappyOrNot' Performance reporting whereby it can track customers' open feedback across various departments (Deli / Butchery / Bakery / Fresh Food etc.) by giving customers four options in the Smiley Terminals. Through this approach, the Company is able to drive customer footfall to its Stores, while also providing a unique and enjoyable experience for customers.

- **Pioneer of Grocery Digitization in KSA** – The Company has introduced a number of offline and online digitization initiatives in order to improve engagement with its customers. It is one of the first grocery retail chains in KSA to adopt greater technology tools and a comprehensive online platform, including separate apps and websites for Danube and BinDawood brands. Danube app is an award winning online and mobile grocery platform having received multiple technology awards. The Company's online sales have continued to grow annually. Online sales have grown at CAGR of 136.3% during 2017G-2019G, and accounted for 1.3% of total revenue in 2019G. Furthermore, the online platform also provides the Company with proprietary customer data which enables it to capture the latest customer trends and accordingly optimize its product offering.

  The Company has also undertaken a number of offline digitization initiatives, including rolling out in-store tech with augmented reality, digitized signage, click and collect, scan now and buy later, and a proprietary supplier management systems. It was also the first grocery retailer to introduce self-check-out in the KSA market.

4.3.3 Store portfolio spread across the Kingdom and supported by a robust operational platform

The Company operates 73 Stores as at the date of this Prospectus, which allows it to capture demand across the KSA. In particular, the Company has a stronghold in the Western Region of the Kingdom (capturing 13.2% of the market share in the Western Region in 2019G). The Company faces certain challenges in operating its Stores located in the Haramain Area, the most important of which are: (1) prohibition of supply operations during prayer times, the peak period of the Hajj season, and the last ten days of the month of Ramadan; (2) narrow roads that prevent large trucks from entering the Haramain Area, making it difficult to maintain optimal stock levels during periods of peak demand; (3) limited availability of storage space, due to the scarcity of available space generally near the Haramain Area; and (4) the product range must change very quickly to adapt to the diverse, seasonal and multicultural pilgrimage base. The Company has appropriate measures to tackle supply chain complexities in this region and uses the support of distant neighboring Stores to cater to supply shortages and plan ahead. The Company also fostered a relationship built on a high level of confidence with real estate owners in the region, which made them feel comfortable about contracting with the Company and led to the adoption of flexible terms and conditions in those contracts. Furthermore, their unique presence in the Holy Cities makes the Company well-positioned to capitalize on the growing pilgrim population which is expected to reach 30.0 million by 2030. The Company's store network also extends to the Central, Eastern and Southern Regions of KSA (together representing 35.8% of 2017G revenue, 37.9% of 2018G revenue, and 37.5% of the 2019G revenue), wherein the Company expects to expand its presence in the future. Overall, the Company's Stores are commonly located at strategic locations, with the intention of attracting footfall and providing customers with ease of access to visit the Stores.

The Company also benefits from its strategic adoption of a balanced multi-channel approach, being one of the few companies in KSA with operations spanning across hypermarkets, supermarkets, and online shopping and delivery in the grocery retail sector. The Company has a unique presence in the supermarket and hypermarket formats, and intends to maintain this variety of formats while considering future expansion. Backed by the Company's strong relationships with leading real estate developers in KSA, it has a unique ability to penetrate a broad range of locations and identify potential sites for new stores. In particular for hypermarkets, the Company has typically utilized this format for their initial entry into a new market to attract customers and offer a best-in-class store experience. While not a core part of the Company's strategy, it would plan to also enter the Express Store format in H2 2021G. The Company has also been the pioneer in the online grocery segment in KSA. It has an online grocery platform supported by separate apps as well as web platforms for Danube and BinDawood brands. The Company's online sales have continued to grow annually and have a significant potential to grow in the future. The Company uses International App Company for the provision and management of all services relating to the online platform. The Company entered into an exclusive agreement with International App Company for the development of grocery retail apps in KSA.

The Company benefits from a high degree of flexibility in its sourcing, logistics and warehousing solutions, supporting BinDawood Holding's day-to-day operations. It has set up fully centralized logistics capabilities, including two central, refrigerated warehouses, one located in Jeddah with an area of (30,628 square meters), one is located in Riyadh with an area of (14,880 square meters) (opened on 1 July 2020G). The Company has a warehouse located in Jeddah comprised of a fruit and vegetables warehouse (1,691 square meters) and a central bakery (2,732 square meters) (opened on 1 July 2020G) and a strong fleet of vehicles (amounting to 147 owned commercial vehicles), with an effective supply chain management system where it optimizes storage space, therefore maintaining competitive margins. However, the majority of local supply is delivered directly to the BinDawood and Danube Stores by its suppliers, its warehouses are crucial in handling import shipments and managing inventory levels of certain FMCG products. Additionally, the Company uses some of its large, flagship Stores to store merchandise for those Stores and other smaller surrounding Stores.

The strength of the Company's logistics solution is evidenced by its capabilities in the Holy Cities, which allows it to manage the supply chain complexities of this market. The Company achieves this by utilizing its resources of manpower, vehicles and storage areas within its Stores. During the Hajj and Umrah seasons, the Saudi government imposes circulation restrictions on large vehicles within the Haramain Area for a certain period, which creates a major logistical challenge. To avoid this, the Company works on increasing the manpower in the Makkah and Madinah branches to increase the efficiency of loading and unloading its delivery vehicles. In addition, the Company uses an increasing number of small vehicles that can work outside the periods and on pre-orders, and maintain a large amount of stock in larger branches located in the immediate vicinity to the Haramain Area, in order to reduce the delivery time from the storage points to the Stores and ensure the stock availability in a timely manner. Additional supply chain complexities in the Haramain Area include no access to large trucks, lack of warehousing space and the need for the rapid adaption of product mix required for seasonal and multi-cultural pilgrim base.

4.3.4 Strong relationships with Key Suppliers

The Company has long-term relationships with its Key Suppliers and benefits from international agents located in Europe and Asia who source unique products not available in Saudi Arabia.

The Company also benefits from a diverse local supplier base, and no single local supplier accounted for more than 6% of total gross purchases for the financial year 2019G. The Company's Key Suppliers accounted for 43.2% of total gross purchases in 2019G. The Company's strong brand reputation drives favorable supplier terms and its centralized purchasing strategy in dealing with suppliers (the Company's centralized procurement department takes care of dealing with all suppliers of BinDawood and Danube Stores) further increase its bargaining power and its ability to secure the best deals. Furthermore, the Company deals with local and international suppliers to get limited private label offerings, including Non-Food Products such as Hajj and Umrah supplies, gifts, stationery and furniture. Notably, the Company has no competing private labels.

4.3.5 Winning Financial Profile and Solid Profitability

The Company has consistently maintained its focus on delivering high quality growth. The Company saw revenue growth of 5.5% in 2017G. In 2018G, while revenue declined by -4.5% (as compared to 2017G) driven by specific managements decisions, such as the discontinuation of bulk and low margin electronic product sales, gross profit margin (as adjusted) increased from 32.4% in 2017G (gross profit margin (based on financial statements) was 21.1%)to 34.1% in 2018G (as compared to 2017G). In 2019G, revenue increased by 6.4% (as compared to 2018G) year on year driven by positive LFL growth of 4.0% and two new Store openings, thereby reversing the temporary negative trend during 2018G which was impacted by one-off macro events and the Company's strategic decisions to exit the wholesale channel and decision to discontinue low margin sales of electronics goods. Notwithstanding the Company's withdrawal from the wholesale market, the Company increased its basket size by shifting the focus to high-income consumers, which in turn had a positive impact on margins due to increased focus on retail consumers by way of increase in number of festivals. Average basket size also improved due to opportunities identified through women empowerment and increase in employment of local nationals (thereby increasing their purchasing power) that contributed to a positive impact on margins. As per the Market Study, the Company's market share has increased to 8.7% in 2019G of the KSA modern grocery market in 2019G, growing from 7.6% in 2016G.

In addition, the Company has consistently delivered superior levels of profitability in 2017G, 2018G and 2019G, with an Adjusted EBITDA margin of 11.8%, 12.1% and 19.4% (post-IFRS 16 in 2019G) respectively, and net profit margin of 8.7% for each of 2017G, 2018G and 2019G. These come on the back of the management team's successful execution of the Company's strategy, including but not limited to:

- **Premium locations** – Maintaining a stronghold on premium locations near the immediate vicinity of the Holy Mosques (high footfall, low price elasticity of demand) and capitalizing on strong relationships with real estate developers as a potential anchor tenant in new developments. Premium mall locations include sites of the Red Sea Mall, Hayat Mall and Panorama Mall. The Company also leases prime real estate within neighborhoods such as Tahliya, Hitteen and Al Raka Plaza. These premium, easily accessible and high footfall locations mean the Company is able to attract growing and attractive footfalls.

- **Premium goods** – Capitalizing on high income customer base with niche preferences and hand-picked imported products in order to attract the consumers to the Stores. The hand-picked imported goods uplift sales of both mass-market and essential products.

- **Agile and balanced product mix** - Ability to optimize the product mix to adapt to the latest market trends such as healthy and organic foods, and also focus on any changes in consumer preferences. Carefully selected imported goods enhance the product mix offered by the Company.

The Company has healthy operating cash flow levels and furthermore, the Company has followed a successful approach towards its capital expenditure and expansion plans in past years, resulting in robust overall cash flow generation levels. The Company has historically maintained a strong balance sheet position, with no interest bearing debt (apart from the lease liabilities resulting from IFRS 16 implementation).

4.3.6 Multiple Tangible Growth Levers for Sustained Future Growth

The Company has a well-defined multi-pronged growth strategy. Key drivers of its future growth include:

- improving performance of its existing matured Stores;
- achieving full potential for the recently opened Stores;
- offering a unique shopping experience;
- continuous future store expansion; and
- strengthening its online platform.

The Company plans to focus on increasing average basket size and customer footfall through refinement of its product mix by adding high value imported goods and leveraging its in-store customer experience to boost performance of its Stores. One of the Company's strengths is its robust track record of new store openings. The Company is also well poised to benefit from its established presence in the online grocery segment by leveraging its existing distribution network and expanding reach to localities with low densities. In addition, the management also actively screens strategic acquisition opportunities in KSA as well as outside KSA to further strengthen its position in the regional food retail sector (for further details please refer to Section 4.4 ("**The Company's Strategies**")).

Other drivers of the Company's sustainable margins include a focus on profitable growth whereby the Company eliminates high volume and low margin wholesale sales to ensure retail customers receive the benefits of promotional pricing. The Company also tries to reduce large ticket and low margin electronic sales. Another driver is the retailing of high margin imported goods and high quality products whereby the Company focuses on retailing premium quality fresh produce (vegetables, fruit and meat) and organic products. In addition, the Company also undertakes pro-active management of fresh meat, fruit and vegetables and uses technology to ensure efficient purchasing with minimal wastage.

4.3.7 Founding Family-Led Experienced Management Team and Knowledgeable Shareholder Base

The Company has a highly experienced management team with extensive experience in the grocery retail industry and includes members of the founding family who continue to ensure a family-led culture. The management team is highly skilled and with strong knowledge of the KSA and regional food retail sector, including market trends and the competitive environment. The Company opened many branches in various markets in the Kingdom, including Hail, Jizan, Khamis Mushait, Unaizah and Ahsa (for further details, please refer to Section 4.9.3 ("**The Company's Stores**")). The Management team is also well-equipped to lead the Company through its plans for future growth and expansion, having successfully opened more than 30 Stores since 2015G and penetrated key new markets including Riyadh, Dammam, and Abha. Furthermore, they oversee the entire value chain of the Company's activities, and have maintained a strong focus on operational efficiency throughout.

The Company's management team is further supported by its strong corporate governance structures, board composition and the private equity shareholder.

4.4 The Company's Strategies

The Company's principal strategies to grow its business comprise the following:

4.4.1 Initiatives to drive like-for-like growth in existing stores

The Company will continue to drive initiatives to enhance sales levels in the Stores, focusing on enhancing the in-store shopping experience for its customers, thereby increasing average basket size. To this end, the Company plans to continue implementing promotional initiatives, including seasonal and festive events in their Stores and considering latest technology adoption, to drive customer footfall. Specifically in the Western Region in KSA, the Company will capitalize on the expected increase in pilgrims and tourists as well. In terms of average basket size, the Company will look to leverage their proprietary customer data to optimize its product mix at the store level (for further details, please refer to Section 2.1.31 ("**Risks associated with interruptions in the Company's IT network or cloud systems**")), and increase focus on high value imported goods.

4.4.2 Incremental measures for recently opened Stores

In addition, the Company will continue its granular focus on driving the sales ramp-up, in case of recently opened Stores, and recovery, in case of certain Stores which might have been negatively impacted by one-off adversities (such as construction work) through targeted marketing and promotion initiatives.

4.4.3 Expansion of Store network

Building on its strong track record of store-openings, the Company plans to implement a national store roll-out plan to consolidate its position in the Western, Central and Eastern Regions of KSA. The Company will maintain its flexibility of choosing between its brands BinDawood and Danube stores when opening new Stores, which is subject to the commercial suitability of the Store to the location, but the focus will however be on growing the Danube brand.

As part of this plan, the Company will continue its expansion within main cities and also enter secondary cities in KSA, thereby providing access into relatively less penetrated markets in KSA. The Company will maintain its focus on quality of growth by identifying premium locations for future stores, including via their mutually beneficial relationships with leading real estate developers in Saudi Arabia. In addition, the Company will also selectively consider potential opportunities for expansion in other markets in the GCC region. The Company has already opened four new Stores in 2020G (Hail, Maazar Plaza, Al Andalus Plaza and Boulevard Bin Jelala). The Company intends to roll-out additional stores in the future in line with the expansion strategy followed by the Company to this date. The Company expects to open one additional new store in 2020G in Jeddah, four Express Stores during the second half of 2021G (HHSR KAEC Station, HHSR Makkah Station, HHSR Jeddah Station, and HHSR Madinah Station) and one Hypermarket and one Supermarket in Makkah during H12021G. The Company also intends to open new stores in Saudi Arabia in 2021G and to explore future options to open stores abroad.

In conjunction with its expansion plans, the Company also conducts regular reviews of store-level performance throughout its network in order to promptly identify and address any issues (including potential closure of low-performing stores).

4.4.4 Growth of Online channel

In conjunction with its efforts on the Store network, the Company will continue to strategically build an incremental online sales channel through its websites and the Danube and BinDawood Apps, and thereby maintain its strong positioning as the pioneer of grocery digitization in Saudi Arabia. In this regard, it plans to expand the reach of its online channel by leveraging a larger proportion of its Store network (the number of these Stores was limited to 13 as at 31 December 2019G). The Company intends to increase the number of Stores that support online shopping to 50 by the end of 2020G.

4.4.5 Maintain focus on cash flow generation and cost-efficient approach to operations

The Company plans to continue efficiently managing its operating expenses at its Stores and the central level, including the introduction of latest technology and digitization measures as appropriate for the business. Recent efficiency measures undertaken by the Company include headcount rationalization by centralizing and reducing the duplication of functions across both brands, adopting a lean management structure through the empowerment of store level employees, implementing a more efficient marketing strategy through relatively modern advertising mediums, and conducting regular maintenance of its stores resulting in longer "refurbishment" cycles.

Furthermore, the Company plans to continue with strict control over capital expenditure related to its network expansion plans, by continuously conducting routine repair and maintenance activities and limiting the need for a major renovation, thereby maintaining its robust cash flow generation levels.

4.5 Corporate Overview of the Company and Evolution of its Capital

BinDawood Holding Company was established under the name BinDawood Medical Company, a limited liability company and registered in the commercial register in the city of Makkah, Saudi Arabia, under commercial registration certificate number 4031063470, dated 16/08/1432H (corresponding to 17 July 2011G). The activities of the Company upon establishment consisted of: retail and wholesale of pharmaceuticals, cosmetics, baby foods and supplies, chemical and medical laboratory supplies, and hospital supplies; and building, management and maintenance of hospitals. The Company was established with a capital of SAR 50,000 divided into 500 in-kind shares with a nominal value of SAR 100 per share. The in-kind shares were distributed among the Shareholders and the capital was fully paid.

The Company's shares were distributed as follows:

Table (4-1): Shareholders of the Company at incorporation:

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Abdul Khaliq Dawood Ibrahim BinDawood	95%	475	100
Abdullah Ali Hassan Baker	5%	25	100
Total	**100%**	**500**	**-**

Source: Company information.

On 02/01/1437H (corresponding to 15 October 2015G), Abdullah Ali Hasan Baker, a former individual shareholder of the Company, transferred the entirety of his then existing holding of Shares in the Company to new shareholders in the Company who are family members of AbdulKhaliq Dawood Ibrahim BinDawood. Additionally, the Company's name was changed to BinDawood Holding Company (limited liability company), and its share capital was increased from SAR 50,000 to SAR 1,000,000 divided into 100,000 shares of equal value with a par value of SAR 10 per share fully paid through the capitalization of the Shareholders' current account.

Table (4-2): Shareholders of the Company as at 02/01/1437H (corresponding to 15 October 2015G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Abdulrazzag Dawood Ibrahim BinDawood	12.142%	12,142	10
Abdul Khaliq Dawood Ibrahim BinDawood	12.142%	12,142	10
Khalid Dawood Ibrahim BinDawood	12.142%	12,142	10
Sulaiman Dawood Ibrahim BinDawood	12.142%	12,142	10
Hajar Dawood Ibrahim BinDawood	7.350%	7,350	10
Asma Dawood Ibrahim BinDawood	7.350%	7,350	10
Sarah Dawood Ibrahim BinDawood	7.350%	7,350	10
Ismail Abdulmajed Hussain	7.350%	7,350	10
Dawood Ismail BinDawood	6.427%	6,427	10
Amna Ismail BinDawood	3.214%	3,214	10
Fatima Ismail BinDawood	3.214%	3,214	10
Abdullah Dawood BinDawood and Sons Company Limited	9.177%	9,177	10
Total	**100.000%**	**100,000**	**-**

Source: Company information.

On 26/02/1437H (corresponding to 8 December 2015G), a purchase agreement was entered into between the shareholders of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing for the sale of all their shares to BinDawood Holding Company. In relation thereto, the Company acquired 100% of the share capital of Danube Company for Foodstuffs & Commodities, BinDawood Superstores Company and Danube Star for Bakeries and Marketing (directly and indirectly). On 29/03/1437H (Corresponding to 9 January 2016G), the Company's share capital was increased from SAR 1,000,000 to 530,000,000 divided into 53,000,000 shares of equal value with a value of SAR 10 per share fully paid through the capitalization of SAR 529,000,000 from the partners receivable account as at 31 December 2015G and according to the certificate issued by the chartered accountant. At the same time Dawood Ibrahim BinDawood and Sons Company Limited became a shareholder in the Company as a result of existing shareholders allocating 44,766,450 of the new Shares issued as a result of the aforementioned capital increase to Dawood Ibrahim BinDawood and Sons Company Limited. Additionally, the Company amended its activities to become as follows: trade, transportation, warehousing, and refrigeration, agriculture, building and construction, financial and other services, social services, information technology, security services, mining and oil, manufacturing industries, electricity and gas.

Table (4-3): Shareholders of the Company as at 29/03/1437H (corresponding to 9 January 2016G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Dawood Ibrahim BinDawood and Sons Company Limited	84.465%	44,766,450	10
Abdullah Dawood BinDawood and Sons Company Limited	9.177%	4,863,810	10
Abdulrazzag Dawood Ibrahim BinDawood	0.850%	450,500	10
Abdul Khaliq Dawood Ibrahim BinDawood	0.850%	450,500	10
Khalid Dawood Ibrahim BinDawood	0.850%	450,500	10
Sulaiman Dawood Ibrahim BinDawood	0.850%	450,500	10
Hajar Dawood Ibrahim BinDawood	0.515%	272,950	10
Asma Dawood Ibrahim BinDawood	0.515%	272,950	10
Sarah Dawood Ibrahim BinDawood	0.515%	272,950	10
Ismail Abdulmajed Hussain	0.515%	272,950	10
Dawood Ismail BinDawood	0.450%	238,500	10
Amna Ismail BinDawood	0.224%	118,720	10
Fatima Ismail BinDawood	0.224%	118,720	10
Total	**100.000%**	**53,000,000**	**-**

Source: Company information.

On 08/04/1437H (corresponding to 18 January 2016G), Abdullah Dawood BinDawood Sons and Partners Company Limited transferred 340,260 Shares in the Company to Commercial Growth Development Company. In addition, Abdulrazzag Dawood BinDawood, Abdul Khaliq Dawood Ibrahim BinDawood, Khalid Dawood BinDawood, Sulaiman Dawood BinDawood, Hajar Dawood BinDawood, Asma Dawood BinDawood, Sarah Dawood BinDawood, Ismail Abdulmajed Hussain, Dawood Ismail BinDawood, Amna Ismail BinDawood, Fatima Ismail BinDawood, transferred the entirety of their respective shares in the Company (amounting to a total of 3,369,740 shares) to Commercial Growth Development Company. At that time, the shareholders of the Company entered into an agreement enabling them to manage the affairs of the shareholders in an organized manner and consistent with the interests of the Company. The same agreement shall be terminated and no acts can be conducted on the basis thereof upon the completion of the Offering.

Table (4-4): Shareholders of the Company as at 08/04/1437H (corresponding to 18 January 2016G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Dawood Ibrahim BinDawood and Sons Company Limited	84.465%	44,766,450	10
Abdullah Dawood BinDawood Sons and Partners Company Limited	8.535%	4,523,550	10
Commercial Growth Development Company	7. 000%	3,710,000	10
Total	**100.000%**	**53,000,000**	**-**

Source: Company information.

On 19/05/1437H (corresponding to 28 February 2016G), Dawood Ibrahim BinDawood and Sons Company Limited changed its name to Akasiya Star Trading Company Limited.

Table (4-5): Shareholders of the Company as at 05/07/1437H (corresponding to 13 April 2016G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Akasiya Star Trading Company Limited	84.465%	44,766,450	10
Abdullah Dawood BinDawood Sons and Partners Company Limited	8.535%	4,523,550	10
Commercial Growth Development Company	7.000%	3,710,000	10
Total	**100.000%**	**53,000,000**	**-**

Source: Company information.

On 07/08/1438H (corresponding to 3 May 2017G), the Company was converted into a closed joint stock company, with a capital of SAR 530,000,000 divided into 53,000,000 ordinary shares fully paid with a nominal value of SAR 10 per share.

Table (4-6): Shareholders of the Company as at 07/08/1438H (corresponding to 3 May 2017G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Akasiya Star Trading Company Limited	84.465%	44,766,450	10
Abdullah Dawood BinDawood Sons and Partners Company Limited	8.535%	4,523,550	10
Commercial Growth Development Company	7.000%	3,710,000	10
Total	**100.000%**	**53,000,000**	**-**

Source: Company information.

On 08/04/1441H (corresponding to 5 December 2019G), the Company increased its capital from SAR 530,000,000 to 1,143,000,000 divided into 114,300,000 ordinary shares of equal value fully paid through the capitalization of SAR 483,879,538 from the retained earnings account, and the capitalization of SAR 129,120,462 from the statutory reserves account. The shareholders undertake that the Company's capital has been fully paid.

Table (4-7): Shareholders of the Company as at 08/04/1441H (corresponding to 5 December 2019G):

Shareholder Name	Ownership Percentage	No of Shares	Share Value
Akasiya Star Trading Company Limited	84.465%	96,543,495	10
Abdullah Dawood BinDawood Sons and Partners Company Limited	8.535%	9,755,505	10
Commercial Growth Development Company	7.000%	8,001,000	10
Total	**100.000%**	**114,300,000**	**-**

Source: Company information.

4.6 Key Developments of the Company since Establishment

The Company commenced its business operations in 1984G through BinDawood Company for Marketing (through its owner Khalid Dawood Ibrahim BinDawood). BinDawood Company for Marketing converted into a limited liability company in 2000G, under the name of the company BinDawood Superstores Company. The shareholders in BinDawood Superstores Company were Abdullah Dawood Ibrahim BinDawood, with a percentage of 18.38%, Abdulrazzag Dawood Ibrahim BinDawood, with a percentage of 26.47%, Abdul Khaliq Ibrahim BinDawood, with a percentage of 18.38%, Sulaiman Dawood Ibrahim BinDawood, with a percentage of 18.38%, and Khalid Dawood Ibrahim BinDawood, with a percentage of 18.38%. In 2015G, the shareholders in BinDawood Superstores Company sold the entirety of their shares (representing 100% of BinDawood Superstores Company directly and indirectly) to BDH for a total amount equal to the net asset value of BinDawood Superstores Company. In return, BDH issued shares in favor of the shareholders transferring their shares in BinDawood Superstores Company (for further details about the Company's ownership of its Subsidiaries, please refer to Table 4-9 ("**Summary of key information of the Company's Subsidiaries**") of this Prospectus.

The first Store of the Company was opened in Makkah under the "BinDawood" brands in 1984G. Following the success of its first Store, the Company opened further Stores and continued the expansion of its supermarket network in the Western Region. BDSS opened further Stores in Makkah and Jeddah in the early 1990Gs and by 2000G, BDSS had expanded to operate eight Stores under the "BinDawood" brands across the Western Region.

In 2001G, BDSS acquired a 72% equity stake in Danube Co. Ltd (which at the time was operating four Stores in the Western Region) and acquired the remaining equity stake in Danube Co. Ltd in 2011G, which became Danube, a wholly-owned Subsidiary. BDSS entered the premium segment of the retail grocery market in the Kingdom with the strategic acquisition of Danube Co. Ltd. Danube Co. Ltd. opened further Stores across the Kingdom, with its first Store in Riyadh marking the expansion of its business to the Central Region of Saudi Arabia. From 2012G onwards, the Company opened Stores in the Kingdom's Eastern Region.

The Company was established in 2011G as a holding company with the purpose of owning and managing its Subsidiaries, and following that the ownership of the Subsidiaries was transferred to the Company in 2016G.

In 2016G, Investcorp acquired a 7% equity stake in the Company through Commercial Growth Development Company (an associate of Investcorp). The total number of the Company's Stores has reached 73 as of the date of this Prospectus.

The following table shows the key developments of the operating activities of the Company since commencement and up to the date of this Prospectus.

Table (4-8): Key developments since the Company's establishment:

Year	Event/Development
1984G	First BinDawood Store opens in Makkah in the Western Region.
2000G	Expands geographical presence to operate eight Stores under the "BinDawood" brand across Saudi Arabia.
2001G	Acquires a 72% stake in Danube Co. Ltd.
2007G	The Company opens its first Danube Store in Riyadh marking the expansion of the Company's business to the Central Region of the Kingdom.
2011G	BinDawood Holding Company was established under the name BinDawood Medical Company, a limited liability company with a share capital of SAR 50,000. Acquires remaining shareholding in Danube Co. Ltd., increasing BDSS' shareholding to 100%.
2012G	The Company opens its first Danube Store in Eastern Region of the Kingdom, making it a national player.
2015G	All shareholders in Danube Company for Foodstuffs and Commodities, BinDawood Superstores Company, and Danube Star for Bakeries and Marketing sold the entirety of their respective requity stakes (representing 100% of each of these companies directly and indirectly) to BDH for a total amount of SAR 529,000,000, corresponding to the net asset value of these companies. In return, on 29/03/1437H (corresponding to 09/01/2016G), BDH issued 52,900,000 shares with a nominal value of SAR 10 per share, and a total value of SAR 529,000,000, in favor of the shareholders transferring their shares in Danube Company for Foodstuffs and Commodities, BinDawood Superstores Company, Danube Star for Bakeries and Marketing to BDH.
2016G	Investcorp acquires a seven per cent minority equity stake in the Company through Commercial Growth Development Company.
2017G	13 new Stores opened, being the year with the highest number of opened Stores and increasing the total number of Stores to 61.
2017G	Launch of the Danube online platform (Danube App and www.danube.sa).
2018G	The Company won the award of the Most Admired F&B Retailer, KSA, from the Retail Middle East Awards. Ranked 36th in Forbes Top 50 Private Companies in the Arab World, 2018G.
2019G	Ranked 25th in Forbes Top 50 Private Companies in the Arab World, 2019G.
2019G	Total number of Stores reaches 69.
2019G	Launch of the BinDawood App.
2019G	Danube Online wins Industry Excellence Award Food & Beverage at the Saudi Top Achiever Awards in March 2019G.
2020G (to date)	The total of Stores reached 73 Stores (as at the date of this Prospectus).

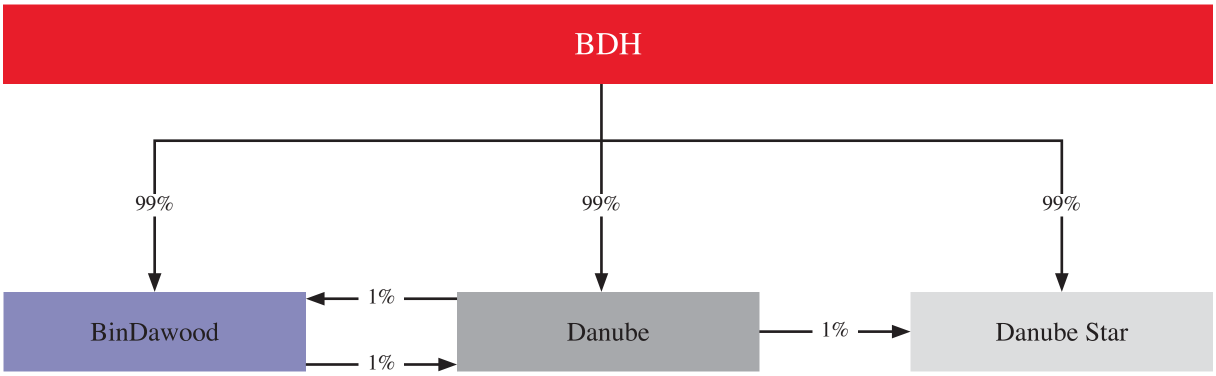
Source: Company information.

4.7 Overview of the Structure of the Company and its Subsidiaries

4.7.1 Overview

The following structure chart provides a diagrammatic overview of the Company and its Subsidiaries as at the date of this Prospectus:

Figure 4-1: Company structure chart as at the date of this Prospectus



The following table lists the Company's Subsidiaries as at the date of this Prospectus.

Table (4-9): Summary of key information of the Company's Subsidiaries:

No.	Subsidiary	CR Number	Capital (SAR)	Company's Direct Ownership	Company's Indirect Ownership
1.	BinDawood Superstores Company	4031063164	10,880,000	99%	1%
2.	Danube Company for Foodstuffs and Commodities	4030093169	2,500,000	99%	1%
3.	Danube Star for Bakery and Marketing	4030086333	1,500,000	99%	1%

Source: Company information.

4.7.2 Company Ownership Structure before and after the Offering

As at the date of this Prospectus, the Company's current share capital is SAR 1,143,000,000 divided into 114,300,000 Shares with a value of SAR 10 per Share. The following table provides an overview of the ownership of the Shares:

Table (4-10): Overview of the ownership of the Shares before and after the Offering:

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)
Akasiya Star Trading Company Limited	96,543,495	84.465%	-	965,434,950	77,234,796	67.572%	-	772,347,960
Abdullah Dawood BinDawood and Sons Company Limited	9,755,505	8.535%	-	97,555,050	7,804,404	6.828%	-	78,044,040
Commercial Growth Development Company	8,001,000	7.000%	-	80,010,000	6,400,800	5.600%	-	64,008,000

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)
Public	-	-	-	-	22,860,000	20.000%	-	228,600,000
Total	**114,300,000**	**100%**	**-**	**1,143,000,000**	**114,300,000**	**100.000%**		**1,143,000,000**

Source: Company information.

The following table lists the major shareholders in the Company, directly and indirectly, before and after the Offering.

Table (4-11): Major shareholders before and after the Offering:

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)
Akasiya Star Trading Company Limited	96,543,495	84.465%	-	965,434,950	77,234,796	67.572%	-	772,347,960
Abdullah Dawood BinDawood Sons and Partners Company Limited	9,755,505	8.535%	-	97,555,050	7,804,404	6.828%	-	78,044,040
Commercial Growth Development Company	8,001,000	7.000%	-	80,010,000	6,400,800	5.600%	-	64,008,000
Abdulrazzag Dawood Ibrahim BinDawood	14,607,540	-	12.780%	146,075,400	11,686,032	-	10.224%	116,860,320
AbdulKhaliq Dawood Ibrahim BinDawood	14,776,704	-	12.928%	147,767,040	11,820,906	-	10.342%	118,209,060
Khalid Dawood Ibrahim BinDawood	14,975,586	-	13.102%	149,755,860	11,980,926	-	10.482%	119,809,260

Source: Company information.

** For further details on the indirect ownership of Abdulrazzag Dawood Ibrahim BinDawood, Abdul Khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, please refer to Table 5-2 ("Company's Board of Directors") of this Prospectus.*

4.7.3 Overview of the Subsidiaries

An overview of the Company's Subsidiaries is set out below.

4.7.3.1 BinDawood Superstores Company

BinDawood Superstores Company was established under the name of BinDawood Shopping Center in 1984G and later converted into a limited liability company under the name of BinDawood Superstores Company, with commercial registration number 2050037004 dated 03/07/1421H (corresponding to 30 September 2000G), issued in the city of Dammam, where its head office was located. On 07/06/1432H (corresponding to 10 May 2011G), BinDawood Superstores Company relocated its head office from Dammam to Makkah, which led to the issuance of a new commercial registration number 4031063164 dated 24/07/1432H (corresponding to 26 June 2011G). BinDawood Superstores Company was then converted into a closed joint stock company on 06/03/1433H (corresponding to 31 January 2012G). On 26/3/1438H (corresponding to 25 December 2016G), BinDawood Superstores Company was converted into a limited liability company. In 2015G, the shareholders in BinDawood Superstores Company sold the entirety of their shares (representing 100% of BinDawood Superstores Company directly and indirectly) to BDH for a total amount equal to the net asset value of BinDawood Superstores Company. In return, BDH issued shares in favor of the shareholders transferring their shares in BinDawood Superstores Company.

As at the date of this Prospectus, the capital of BinDawood Superstores Company is SAR 10,880,000 divided into 1,088,000 shares with a cash value of 10 Saudi Riyals per share. It is registered in the commercial register of Makkah under Commercial Registration Certificate No. 4031063164, dated 24/7/1432H (corresponding to June 26, 2011G). The head office of BinDawood Superstores Company is located in the city of Makkah, Saudi Arabia.

The principal business activities of BinDawood Superstores Company, as permitted by its commercial registration certificate, are wholesale of foodstuff, electronics, clothes, perfumes, houseware, and cosmetics. In addition, buying and leasing lands, and construction of buildings to be leased or sold.

The following table sets out the ownership structure of BinDawood Superstores Company as at the date of this Prospectus.

Table (4-12): BinDawood Superstores Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage	No. of Shares	Share Value
BinDawood Holding Company	99%	1,077,120	10
Danube Company for Foodstuffs and Commodities	1%	10,880	10
Total	**100%**	**1,088,000**	**-**

Source: Company information.

4.7.3.2 Danube Company for Foodstuffs and Commodities

Danube Company for Foodstuffs and Commodities is a limited liability company with a capital of SAR 2,500,000, divided into 250,000 shares with a value of SAR 10, and registered in the commercial register in the city of Jeddah under commercial registration certificate number 4030093169, dated 02/08/1413H (corresponding to 25 January 1993G). On 24/05/1422H (corresponding to 14 August 2001G), BinDawood Superstores Company acquired 72% of the shares of Danube Company. On 01/05/1432H (corresponding to 5 April 2011G), BinDawood Trading Company acquired 28% of the shares of Danube Company. On 03/07/1433H (corresponding to 30 January 2012G), Danube Company was converted from a limited liability company into a closed joint stock company. On 26/3/1438H (corresponding to 25 December 2016G), Danube Company was converted from a closed joint stock company into a limited liability company with BinDawood Holding Company owning 99% and BinDawood Superstores Company owning 1% of the shares thereof.

Danube Company for Foodstuffs and Commodities' head office is located at the city of Jeddah, Saudi Arabia.

The principal business activities of Danube Company, as permitted by its commercial registration certificate, are wholesale and retail of foodstuffs, housewares, plants, and perfumes. In addition, operating and managing restaurants, and providing importing, exporting, and marketing services for other parties.

The following table sets out the ownership structure of Danube Company for Foodstuffs and Commodities as at the date of this Prospectus.

Table (4-13): Danube Company for Foodstuffs and Commodities' shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage	No. of Shares	Share Value
BinDawood Holding Company	99%	2,475,000	10
BinDawood Superstores Co	1%	25,000	10
Total	**100%**	**2,500,000**	**-**

Source: Company information.

4.7.3.3 Danube Star for Bakery & Marketing

Danube Star for Bakery and Marketing is a limited liability company with a capital of SAR 1,500,000, divided into 1,500 shares with a value of SAR 1,000, and registered in the commercial register in the city of Jeddah under commercial registration certificate number 4030086333, dated 09/10/1412H (corresponding to 13 April 1992G). Danube Star for Bakery and Marketing's head office is located at the city of Jeddah, Saudi Arabia. On 11/03/1437H (corresponding to 22 December 2015G), 99% of the shares in the Danube Star Bakeries and Marketing Company were transferred to BinDawood Holding Company and the remaining 1% to Danube Company.

The principal business activities of Danube Star for Bakery and Marketing, as permitted by its commercial registration certificate, are managing and operating restaurants and bakeries.

The following table sets out the ownership structure of Danube Star for Bakery and Marketing as at the date of this Prospectus.

Table (4-14): Danube Star for Bakery and Marketing's shareholding structure as at the date of this Prospectus:

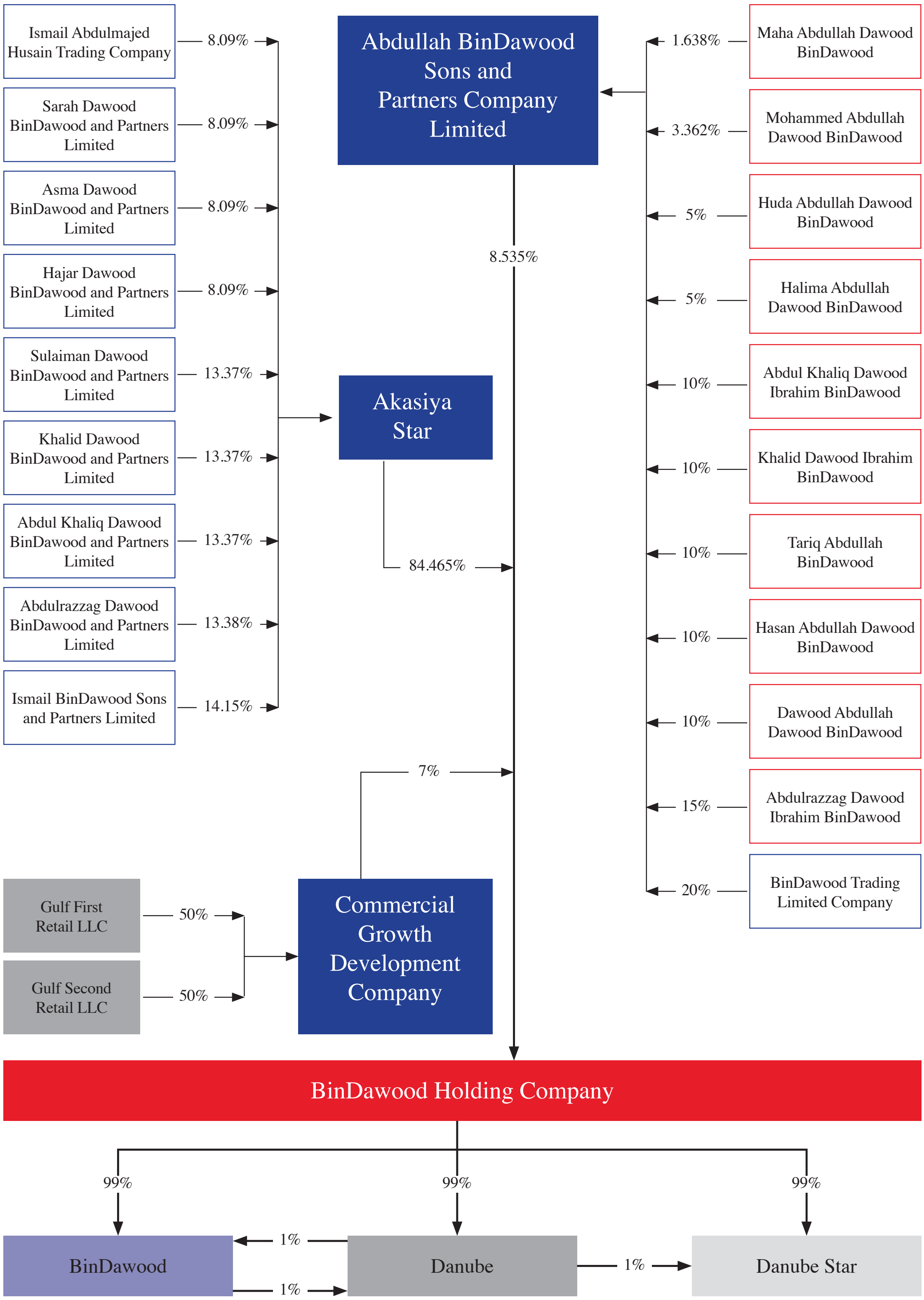
Shareholder Name	Ownership Percentage	No. of Shares	Share Value
BinDawood Holding Company	99%	1,485	1,000
Danube Company for Foodstuffs and Commodities	1%	15	1,000
Total	**100%**	**1,500**	**-**

Source: Company information.

4.8 Overview of the Shareholders

The following chart sets out the ownership structure of the Company:

Figure (4-2): Ownership structure of the Company as at the date of this Prospectus



4.8.1 Akasiya Star Trading Company Limited

Akasiya Star Trading Company Limited is a limited liability company with a capital of SAR 1,000,000 divided into 100,000 Shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031094641, dated 19/03/1437H (corresponding to 30 December 2015G). Akasiya Star Trading Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The principal business activities of Akasiya Star Trading Company Limited, as permitted by its commercial registration certificate, comprise wholesale and retail of foodstuff, electronics, houseware, and clothes.

The following table sets out the ownership structure of Akasiya Star Trading Company Limited as at the date of this Prospectus.

Table (4-15): Akasiya Star Trading Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdulrazzag Dawood BinDawood and Partners Company Limited	13.38%
Abdul Khaliq Dawood BinDawood and Partners Company Limited	13.37%
Khalid Dawood BinDawood and Partners Company Limited	13.37%
Sulaiman Dawood BinDawood and Partners Company Limited	13.37%
Hajar Dawood BinDawood and Partners Company Limited	8.09%
Asma Dawood BinDawood and Partners Company Limited	8.09%
Sarah Dawood BinDawood and Partners Company Limited	8.09%
Ismail BinDawood Sons and Partners Company Limited	14.15%
Ismail Abdulmajed Hussain Trading Company Limited	8.09%
Total	**100.00%**

Source: Company information.

The following is an overview of the shareholders of Akasiya Star Trading Company Limited:

4.8.1.1 Abdulrazzag Dawood BinDawood and Partners Company Limited

Abdulrazzag Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 Shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093655, dated 01/01/1437H (corresponding to 14 October 2015G). Abdulrazzag Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Abdulrazzag Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-16): Abdulrazzag Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdulrazzag Dawood Ibrahim BinDawood	86.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Ahmad Abdulrazzag Dawood BinDawood	1.0%
Walid Abdulrazzag Dawood BinDawood	1.0%
Ismail Abdulrazzag Dawood BinDawood	1.0%

Shareholder Name	Ownership Percentage
Abdullah Abdulrazzag Dawood BinDawood	1.0%
Abdul Khaliq Abdulrazzag Dawood BinDawood	1.0%
Sulaiman Abdulrazzag Dawood BinDawood	1.0%
Haneen Abdulrazzag Dawood BinDawood	0.5%
Sarah Abdulrazzag Dawood BinDawood	0.5%
Salma Abdulrazzag Dawood BinDawood	0.5%
Asma Abdulrazzag Dawood BinDawood	0.5%
Roaa Abdulrazzag Dawood BinDawood	0.5%
Lujain Abdulrazzag Dawood BinDawood	0.5%
Lina Abdulrazzag Dawood BinDawood	0.5%
Alhana Abdulrazzag Dawood BinDawood	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.2 Abdul Khaliq Dawood BinDawood and Partners Company Limited

Abdul Khaliq Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093664, dated 02/01/1437H (corresponding to 15 October 2015G). Abdul Khaliq Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Abdul Khaliq Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-17): Abdul Khaliq Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdul Khaliq Dawood Ibrahim BinDawood	91.0%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Khalid Abdul Khaliq Dawood BinDawood	1.0%
Abdulrazzag Abdul Khaliq Dawood BinDawood	1.0%
Anwaar Abdul Khaliq Dawood BinDawood	0.5%
Amna Abdul Khaliq Dawood BinDawood	0.5%
Shorouq Abdul Khaliq Dawood BinDawood	0.5%
Rafal Abdul Khaliq Dawood BinDawood	0.5%
Mariya Abdul Khaliq Dawood BinDawood	0.5%
Dhai Abdul Khaliq Dawood BinDawood	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.3 Khalid Dawood BinDawood and Partners Company Limited

Khalid Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 Shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093659, dated 01/01/1437H (corresponding to 14 October 2015G). Khalid Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Khalid Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-18): Khalid Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Khalid Dawood Ibrahim BinDawood	92.5%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Mohammed Khalid Dawood BinDawood	1.0%
Abdullah Khalid Dawood BinDawood	1.0%
Amna Khalid Dawood BinDawood	0.5%
Luluoah Khalid Dawood BinDawood	0.5%
Fatima Khalid Dawood BinDawood	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.4 Sulaiman Dawood BinDawood and Partners Company Limited

Sulaiman Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093657, dated 01/01/1437H (corresponding to 14 October 2015G). Sulaiman Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Sulaiman Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-19): Sulaiman Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Sulaiman Dawood Ibrahim BinDawood	89.0%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Ismail Sulaiman Dawood BinDawood	1.0%
Moaath Sulaiman Dawood BinDawood	1.0%
Hamza Sulaiman Dawood BinDawood	1.0%
Mohammed Sulaiman Dawood BinDawood	1.0%
Shaima Sulaiman Dawood BinDawood	0.5%
Ghaida Sulaiman Dawood BinDawood	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.5 Hajar Dawood BinDawood and Partners Company Limited

Hajar Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093663, dated 01/01/1437H (corresponding to 14 October 2015G). Hajar Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Hajar Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-20): Hajar Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Hajar Dawood Ibrahim BinDawood	94.0%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Total	**100.0%**

Source: Company information.

4.8.1.6 Asma Dawood BinDawood and Partners Company Limited

Asma Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093662, dated 01/01/1437H (corresponding to 14 October 2015G). Asma Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Asma Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-21): Asma Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Asma Dawood Ibrahim BinDawood	89.0%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Seraj Ismail Seraj Sharbini	1.0%
Abulrahman Ismail Seraj Sharbini	1.0%
Ahmed Ismail Seraj Sharbini	1.0%
Dawood Ismail Seraj Sharbini	1.0%
Bayan Ismail Seraj Sharbini	0.5%
Razan Ismail Seraj Sharbini	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.7 Sarah Dawood BinDawood and Partners Company Limited

Sarah Dawood BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093658, dated 01/01/1437H (corresponding to 14 October 2015G). Sarah Dawood BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Sarah Dawood BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-22): Sarah Dawood BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Sarah Dawood Ibrahim BinDawood	89.5%
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Thamer Esam Ahmed Naytah	1.0%
Wasim Esam Ahmed Naytah	1.0%
Ahmed Esam Ahmed Naytah	1.0%
Yusuf Esam Ahmed Naytah	1.0%
Ghofran Esam Ahmed Naytah	0.5%
Total	**100.0%**

Source: Company information.

4.8.1.8 Ismail BinDawood Sons and Partners Limited

Ismail BinDawood Sons and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031094206, dated 17/02/1437H (corresponding to 29 November 2015G). Ismail BinDawood Sons and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Ismail BinDawood Sons and Partners Company Limited as at the date of this Prospectus.

Table (4-23): Ismail BinDawood Sons and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Dawood Ismail Dawood BinDawood	47.0%
Amna Ismail Dawood BinDawood	23.5%
Fatima Ismail Dawood BinDawood	23.5%
Total	**100.0%**

Source: Company information.

4.8.1.9 Ismail Abdulmajeid Hussain Trading Company

Ismail Abdulmajeid Hussain Trading Limited Company is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a nominal value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031093660, dated 01/01/1437H (corresponding to 14 October 2015G). Ismail Abdulmajeid Hussain Trading Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The following table sets out the ownership structure of Ismail Abdulmajeid Hussain Trading Company Limited as at the date of this Prospectus.

Table (4-24): Ismail Abdulmajeid Hussain Trading Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdulrazzag Dawood Ibrahim BinDawood	2.0%
Abdul Khaliq Dawood Ibrahim BinDawood	2.0%
Khalid Dawood Ibrahim BinDawood	2.0%
Ismail Abdulmajeid Aljunaidi Hussain	1.0%
Ibrahim Abdulmajeid Aljunaidi Hussain	93.0%
Total	**100.0%**

Source: Company information.

4.8.2 Abdullah Dawood BinDawood and Sons Company Limited

Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company with a capital of SAR 1,160,000 divided into 1,160 Shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Makkah under commercial registration certificate number 4030182273, dated 24/08/1429H (corresponding to 25 August 2008G). Abdullah Dawood BinDawood and Sons Company Limited's head office is located at the city of Jeddah, Saudi Arabia.

The principal business activities of Abdullah Dawood BinDawood and Sons Company Limited comprise general contracting in buildings (repair of construction, demolition and restoration), maintenance and development of real estate (paving and lighting).

The following table sets out the ownership structure of Abdullah Dawood BinDawood and Sons Company Limited as at the date of this Prospectus.

Table (4-25): Abdullah BinDawood Sons Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdulrazzag Dawood Ibrahim BinDawood	15.000%
Abdul Khaliq Dawood Ibrahim BinDawood	10.000%
Khalid Dawood Ibrahim BinDawood	10.000%
Tariq Abdullah BinDawood	10.000%
Hasan Abdullah Dawood BinDawood	10.000%
Dawood Abdullah Dawood BinDawood	10.000%
Mohammed Abdullah Dawood BinDawood	3.362%
Halima Abdullah Dawood BinDawood	5.000%
Huda Abdullah Dawood BinDawood	5.000%
Maha Abdullah Dawood BinDawood	1.638%
BinDawood Trading Company Limited	20.000%
Total	**100.000%**

Source: Company information.

4.8.2.1 BinDawood Trading Company Limited

BinDawood Trading Company Limited Company is a limited liability company with a capital of SAR 1,000,000 divided into 100,000 shares with a value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031040753, dated 27/01/1422H (corresponding to 21 April 2001G). BinDawood Trading Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The principal business activities of BinDawood Trading Company Limited comprise management and operation of commercial and residential complexes (licensed by law) and insurance commitment on prepared and non-prepared subsistence.

The following table sets out the ownership structure of BinDawood Trading Company Limited as at the date of this Prospectus.

Table (4-26): BinDawood Trading Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Ismail BinDawood Sons and Partners Company Limited	5.722%
Asma Dawood BinDawood and Partners Company Limited	3.682%
Ismail Abdulmajed Hussain Trading Company Limited	3.682%
Khalid Dawood BinDawood and Partners Company Limited	19.777%
Sarah Dawood BinDawood and Partners Company Limited	3.682%
Sulaiman Dawood BinDawood and Partners Company Limited	19.777%
Tariq Abdullah BinDawood and Partners Company Limited	0.442%
Abdulrazzag Dawood BinDawood and Partners Company Limited	19.777%
Abdul Khaliq Dawood BinDawood and Partners Company Limited	19.777%
Hajar Dawood BinDawood and Partners Company Limited	3.682%
Total	**100.000%**

Source: Company information.

The following is an overview of the shareholders of BinDawood Trading Company Limited.

4.8.2.1.1 Ismail BinDawood Sons and Partners Company Limited

Please refer to the shareholders overview for Ismail BinDawood Sons and Partners Company Limited under section 4.8.1.8 ("**Ismail BinDawood Sons and Partners Company Limited**").

4.8.2.1.2 Asma Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Asma Dawood BinDawood and Partners Company Limited under section 4.8.1.6 ("**Asma Dawood BinDawood and Partners Company Limited**").

4.8.2.1.3 Ismail Abdulmajed Hussain Trading Company Limited

Please refer to the shareholders overview for Ismail Abdulmajed Hussain Trading Company Limited under section 4.8.1.9 ("**Ismail Abdulmajed Hussain Trading Company Limited**").

4.8.2.1.4 Khalid Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Khalid Dawood BinDawood and Partners Company Limited under section 4.8.1.3 ("**Khalid Dawood BinDawood and Partners Company Limited**").

4.8.2.1.5 Sarah Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Sarah Dawood BinDawood and Partners Company Limited under section 4.8.1.7 ("**Sarah Dawood BinDawood and Partners Company Limited**").

4.8.2.1.6 Sulaiman Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Sulaiman Dawood BinDawood and Partners Company Limited under section 4.8.1.4 ("**Sulaiman Dawood BinDawood and Partners Company Limited**").

4.8.2.1.7 Tariq Abdullah BinDawood and Partners Company Limited

Tariq Abdullah BinDawood and Partners Company Limited is a limited liability company with a capital of SAR 50,000 divided into 5,000 shares with a value of SAR 10 and registered in the commercial register in the city of Makkah under commercial registration certificate number 4031094409, dated 2/03/1437H (corresponding to 13 December 2015G). Tariq Abdullah BinDawood and Partners Company Limited's head office is located at the city of Makkah, Saudi Arabia.

The principal business activities of Tariq Abdullah BinDawood and Partners Company Limited comprise wholesale and retail of foodstuffs, equipment, clothes, shoes, perfumes, cosmetics, tools, and household utensils, buying lands to establish buildings on them, investing them for sale or rent for the benefit of the company, prepared and non-prepared subsistence services, and management and operation of commercial centers.

The following table sets out the ownership structure of Tariq Abdullah BinDawood and Partners Company Limited as at the date of this Prospectus.

Table (4-27): Tariq Abdullah BinDawood and Partners Company Limited's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Tariq Abdullah BinDawood	96.5%
Abdullah Tariq BinDawood	1.0%
Abulrahman Tariq BinDawood	1.0%
Rital Tariq BinDawood	0.5%
Abdulellah Tariq BinDawood	1.0%
Total	**100.0%**

Source: Company information.

4.8.2.1.8 Abdulrazzag Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Abdulrazzag Dawood BinDawood and Partners Company Limited under section 4.8.1.1 ("**Abdulrazzag Dawood BinDawood and Partners Company Limited**").

4.8.2.1.9 Abdul Khaliq Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Abdul Khaliq Dawood BinDawood and Partners Company Limited under section 4.8.1.2 ("**Abdul Khaliq Dawood BinDawood and Partners Company Limited**").

4.8.2.1.10 Hajar Dawood BinDawood and Partners Company Limited

Please refer to the shareholders overview for Hajar Dawood BinDawood and Partners Company Limited under section 4.8.1.5 ("**Hajar Dawood BinDawood and Partners Company Limited**").

4.8.3 Commercial Growth Development Company

Commercial Growth Development Company is a limited liability company with a capital of SAR 100,000, divided into 10,000 shares with a nominal value of SAR 10, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010439661, dated 21/02/1437H (corresponding to 3 December 2015G). Commercial Growth Development Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Commercial Growth Development Company comprise import, export, wholesale, and retail of foodstuff.

The following table sets out the ownership structure of Commercial Growth Development Company as at the date of this Prospectus.

Table (4-28): Commercial Growth Development Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Gulf First Retail WLL	50%
Gulf Second Retail WLL	50%
Total	**100%**

Source: Company information.

The following provides an overview of the shareholders of Commercial Growth Development Company:

- ### Gulf First Retail WLL

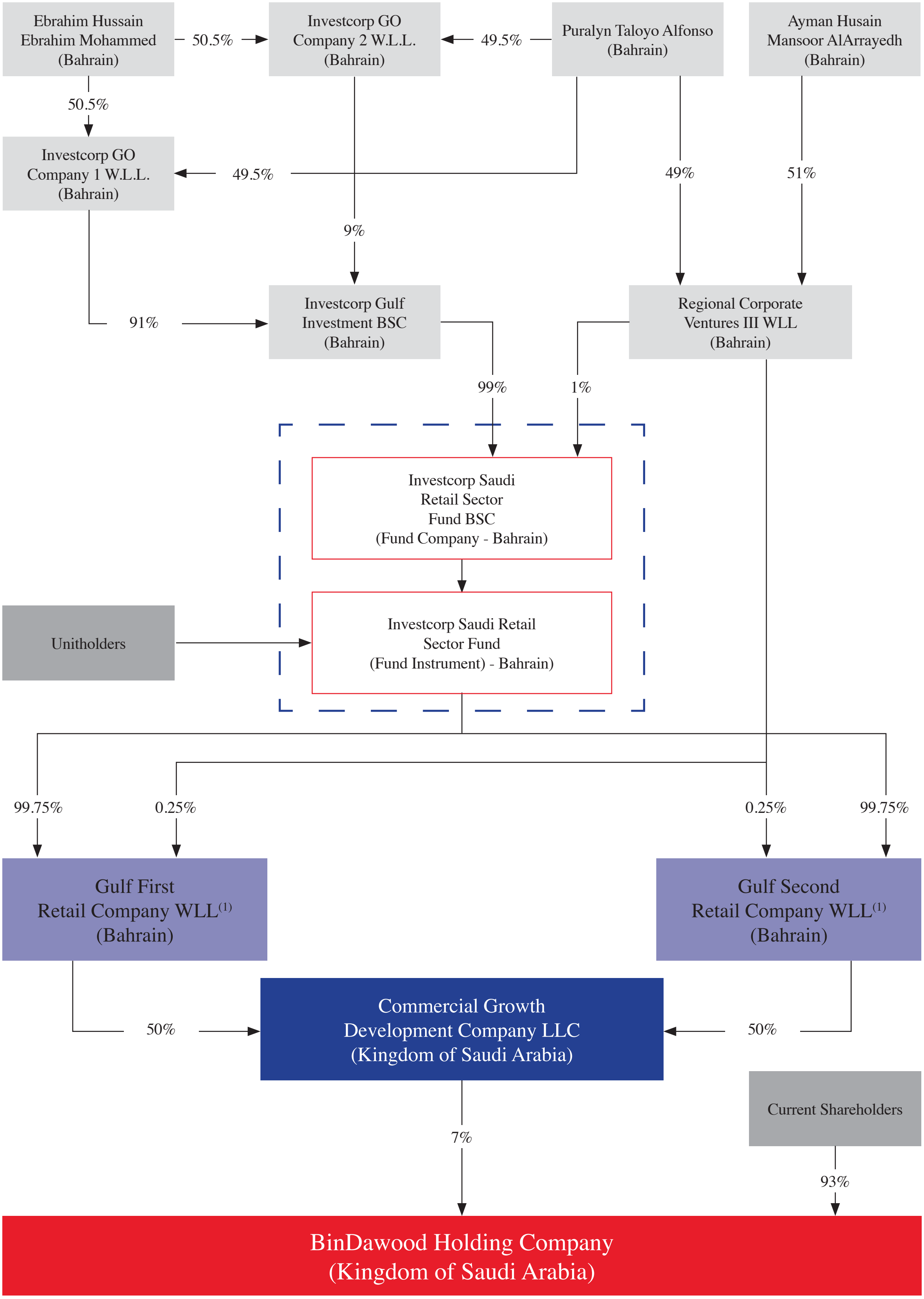
Gulf First Retail WLL is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration number 95163-1, dated 24/12/1436H (corresponding to 7 October 2015G). Gulf First Retail WLL's head office is located in Manama, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (equivalent to SAR 200,000) divided into 400 shares with a fully paid up nominal value of BHD 50 per share. Gulf First Retail WLL holds a 50% interest in Commercial Growth Development Company.

- ### Gulf Second Retail WLL

Gulf Second Retail WLL is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration number 95149-1, dated 23/12/1436H (corresponding to 6 October 2015G). Gulf Second Retail WLL's head office is located in Manama, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (equivalent to SAR 200,000) divided into 400 shares with a fully paid up value of BHD 50 per share. Gulf Second Retail WLL is holding a 50% interest in Commercial Growth Development Company.

The following structure summarizes the ownership structure of Commercial Growth Development Company as at the date of this Prospectus:

Figure (4-3): The Ownership Structure of Commercial Growth Development Company as at the Date of this Prospectus



(1) For more details on Gulf First Retail Company WLL and Gulf Second Retail Company WLL, two shareholders of Target Opportunities Company for Trading, please refer to Section 1 and Section 2 of Appendix 1.

4.9 Overview of the Company's Principal Activities

The Company is engaged in the operations and management of Hypermarket and Supermarket Stores in Saudi Arabia. The Company generates revenue and income from the following principal activities:

- revenue from customers by the trading of food products, FMCG and Non-Food Products through sales to the general public, including household consumable items, as well as the ownership and management of in-store bakeries;
- income from third parties through profit sharing arrangements pertaining to certain specified areas or spaces within its Stores, including kiosks and ATM machines; and
- agreeing Supplier Support Incentives with its suppliers (which have the effect of reducing the cost of revenues of the Company).

The Company's Stores provide a comprehensive range of food and Non-Food Products with the aim of satisfying all of the Company's customers' routine shopping needs. As at the date of this Prospectus, the Company's operating portfolio comprises 73 Stores, which are located strategically throughout Saudi Arabia and appeal to different categories of consumers and customers including the Hajj and Umrah visitors. As at the date of this Prospectus, the Company's Stores had a total Selling Area of 364,475 square meters. The Company's Stores are strategically located in cities across Saudi Arabia, including Riyadh, Jeddah, Makkah, Madinah, Khobar, Dammam, Jizan, Abha, Taif, Alahsa, Jubail, Khamis Mushait, Unaizah, Hail and Al Kharj.

The Company generated a total revenue of SAR 4,843.8 million for the financial year ended 31 December 2019G. The Company sells over 140,000 SKUs from a range of international and local suppliers such as Almarai, Nestle, Proctor & Gamble, Unilever and Mondelez. The Company had over 46 million customer transactions for the financial year ended 31 December 2019G.

In terms of decision-making with respect to its business operations, the Company approves major decisions on a centralized basis through its Head Office functions and departments. The Company's day-to-day operations are decentralized and decisions are made by regional managers (in respect of human resourcing, purchasing and marketing, among other things) and by managers at individual Store level.

4.9.1 The "BinDawood" and "Danube" Brands

The Company operates its Stores under two well-recognized brands in Saudi Arabia - "BinDawood" and "Danube". As at the date of this Prospectus, the Company operates a network of 27 BinDawood Stores and 46 Danube Stores. The approximate Total Area and Selling Area of all BinDawood Stores is 165,000 square meters and 117,000 square meters, respectively and the approximate Total Area and Selling Area of all Danube Stores is 391,000 square meters and 248,000 square meters, respectively. The breakdown of the Company's revenue by brands is as set out in Table 4-29 below for the relevant financial periods:

Table (4-29): Revenue breakdown by Subsidiary[1]

Brand	FY17G	FY18G	FY19G
BinDawood	35.7%	33.9%	35.8%
Danube	59.5%	61.1%	64.2%
Danube Star	4.7%	4.9%	-
Total	**100.0%**	**100.0%**	**100.0%**

Source: Company information.

[1] Note: Revenue from external customers only.

4.9.1.1 The “BinDawood” brand

Management believes Stores operating under the “BinDawood” brand are located in prime locations in Makkah and Madinah, in addition to the locations in the immediate vicinity of the Holy Mosques, and have received for more than 30 years in the Kingdom of Saudi Arabia a significant number of Hajj and Umrah visitors coming from different regions of the world. The history of the “BinDawood” brand from its inception to becoming one of the largest grocery retail brands in the Kingdom has been driven by meeting customers’ needs for a wide variety of high quality products at competitive prices. The history of the “BinDawood” brand is also characterized by continuous innovation, with BinDawood Stores being the first in Saudi Arabia to deploy self-checkout technology. The BinDawood App and online platform was launched in April 2019G.

The “BinDawood” brand targets consumers seeking the best value, and the locations, merchandise, product mix and pricing of SKUs sold in the Company’s BinDawood Stores reflect this. BinDawood is positioned in the mass mid-market segment and has a larger offering of Non-Food Products mainly due to the Stores serving pilgrims where the demand for gift items is higher. Management believes this distinguishes the “BinDawood” brand, in part due to the operational capabilities of the Company given the logistical and supply challenges of operating Stores in the immediate vicinity of the Holy Mosques and an area overcrowded with Hajj and Umrah visitors throughout the year. According to the Market Study, the brand serves in the area of the Holy Mosques since 1984G due to easy access thereto, warehousing capabilities and customized regional product mix (through value-for-money healthy product offerings and emphasizing a wide range of travelers’ accessories).

4.9.1.2 The “Danube” brand

Management believes the Company’s “Danube” brand is differentiated by its broad, multi-national grocery and merchandising offering. BinDawood Superstores Company acquired the “Danube” brand through the acquisition of a majority interest in the issued share capital of Danube Co. Ltd in 2001G with a network of four Danube Stores, with the remaining interest in Danube Co. Ltd acquired in 2011G. The Company has since grown its Danube Stores network to 46, and is aiming for further expansion (see further details in Section 4.10 (“**Future Plans and Growth Opportunities**”) below).

The positioning of the “Danube” brand is in the premium market segment, and the locations, merchandise, product mix and pricing of SKUs sold in the Company’s “Danube” Stores reflect this. In particular, Danube is differentiated by the product offering in its Stores, which includes a selected set of imported brands to cater to the needs of its premium customer base. Danube also focuses under the “Danube” brand on a “fresh-oriented” retail offering within its Stores. In 2017G, Danube also launched Danube Online and the Danube App, becoming Saudi Arabia’s first large retail chain to offer a robust online shopping experience for grocery products using state-of-the-art technologies. Like the “BinDawood” brand, the “Danube” brand also deploys self-checkout technology.

4.9.2 Key Performance Indicators

The following table sets forth the Company's operating metrics, which Management consider to be its key performance indicators for the past three financial years:

Table (4-30): The Company's Key Performance Indicators:

Key Performance Indicator	FY17G			FY18G			FY19G		
	Bin Dawood	Danube	Total	Bin Dawood	Danube	Total	Bin Dawood	Danube	Total
Store Network									
Year-end number of Stores	24	37	**61**	26	41	**67**	27	42	**69**
Of which Hypermarkets	12	31	**43**	12	34	**46**	13	35	**48**
Of which Supermarkets	12	6	**18**	14	7	**21**	14	7	**21**
Year-end total Selling Area (m^2)	109,238	210,218	**319,456**	112,819	228,487	**341,306**	116,659	234,214	**350,873**
Of which Hypermarkets (m^2)	78,300	194,452	**272,752**	78,300	210,095	**288,395**	82,140	215,822	**297,962**
Of which Supermarkets (m^2)	30,938	15,766	**46,704**	34,519	18,392	**52,911**	34,519	18,392	**52,911**
Year-end average Store size (m^2/ Store)	4,552	5,682	**5,237**	4,339	5,573	**5,094**	4,321	5,577	**5,085**
Of which Hypermarkets (m^2/ Store)	6,525	6,273	**6,343**	6,525	6,179	**6,269**	6,318	6,166	**6,208**
Of which Supermarkets (m^2/ Store)	2,578	2,628	**2,595**	2,466	2,627	**2,520**	2,466	2,627	**2,520**
New Stores opened	2	11	**13**	2	4	**6**	1	1	**2**
Existing Stores closed	0	0	**0**	0	0	**0**	0	0	**0**
Customer data									
Number of transactions [1]	23,086,194	29,086,681	**52,172,875**	21,076,268	29,527,307	**50,603,575**	19,287,286	27,149,148	**46,436,434**
Average basket size (SAR)	79.4	100.9	**91.4**	79.5	97.5	**90.0**	89.9	114.6	**104.3**
Sales performance									
% Sales like-for-like growth rate[2]	(6.4)	1.7	**(1.7)**	(10.8)	(7.0)	**(8.4)**	1.3	5.5	**4.0**
% Total sales growth rate	(2.9)	11.53	**5.5**	(8.6)	(1.9)	**(4.5)**	3.5	8.0	**6.4**

Source: Company information.

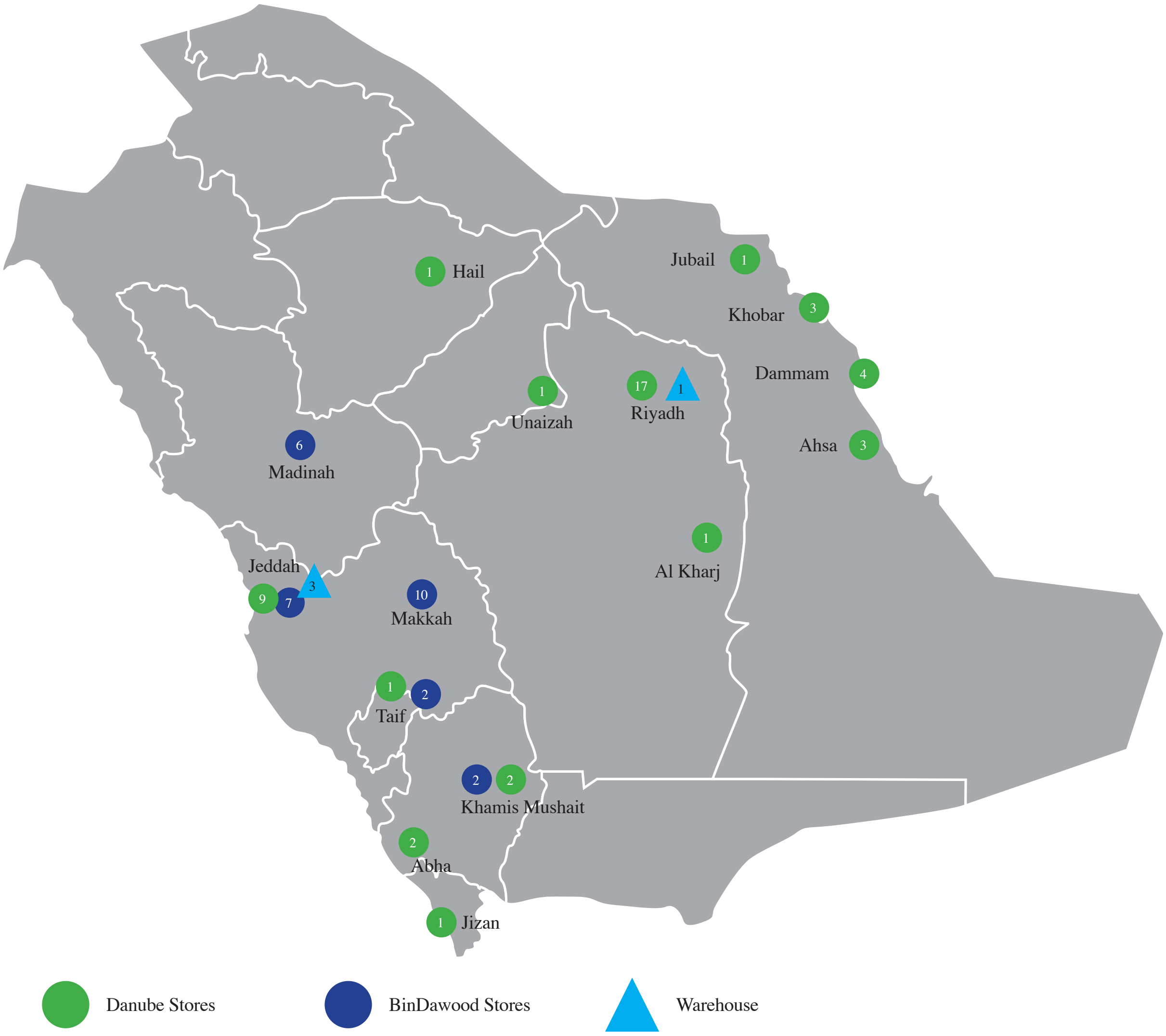
[1] Based on transactions for which receipts have been issued.

[2] Stores which have been operational for more than 12 months in each relevant year but may have been opened for only part of the year in the previous year.

4.9.3 The Company's Stores

As at the date of this Prospectus, the Company operated 73 Stores throughout Saudi Arabia comprising 27 Stores operating under the "BinDawood" brand and 46 Stores operating under the "Danube" brand.

The following map provides a geographic overview of the Company's Stores and warehouses as at the date of this Prospectus:



Source: Company information. Note: All store information as of 30-Apr-2020.

** Includes 4 warehouses (Riyadh warehouse, Jeddah warehouse, central bakery and fruit and vegetables warehouse). Central bakery and fruit and vegetables warehouse are a part of the same facility.*

The following table provides a breakdown of Stores and revenue by region within Saudi Arabia:

Table (4-31): Breakdown of Stores by region (as at the date of this Prospectus)

Region	BinDawood Stores	Danube Stores	BinDawood and Danube Stores (% of the total of Stores) (%)
Western	25	10	47.9%
Central	0	20	27.4%
Eastern	0	11	15.1%
Southern	2	5	9.6%
Total	**27**	**46**	**100.0%**

Source: Company information.

Table (4-32): Breakdown of Stores by format, revenue and Selling Area (as at the date of this Prospectus)

	Total Area (sqm)	Hypermarkets >5,000	Supermarkets 1,000-5,000	Online Delivery	Total
BDSS	Number of outlets	13	14	-	**27**
	Selling Area (sqm)	82,140	34,519	-	**116,659**
	2019G Sales (SARm)	981	752	0.3	**1,733**
Danube	Number of outlets	38	8	-	**46**
	Selling Area (sqm)	226,944	20,872	-	**247,816**
	2019G Sales (SARm)	2,806	242	62.1	**3,110**
BinDawood Holding	Number of outlets	51	22	-	**73**
	Selling Area (sqm)	309,084	55,391	-	**364,475**
	2019G Sales (SARm)	3,787	995	62.4	**4,844**

Source: Company information.

4.9.3.1 Overview of portfolio of Stores

The following table sets out the key information and statistics in respect of each Store of the Company (ranked by year of opening):

Table (4-33): Overview of the Company's Stores

No.	Name	Type	City	Region	Year Opened	Selling Area (m²)	Total Area (m²)
Danube Stores							
1	Madinah Road	Hypermarket	Jeddah	Western	1996G	5,494	14,616
2	Khalidiya	Hypermarket	Jeddah	Western	1997G	3,904	6,485
3	Tahlia-1	Hypermarket	Jeddah	Western	1998G	2,845	6,665
4	Nahda	Hypermarket	Jeddah	Western	1998G	4,800	8,010
5	Arbaeen	Hypermarket	Jeddah	Western	2001G	4,946	9,244
6	Serafi-1	Hypermarket	Jeddah	Western	2005G	7,123	11,168
7	Hayat	Hypermarket	Riyadh	Central	2007G	15,740	21,780
8	Red Sea	Hypermarket	Jeddah	Western	2008G	12,452	18,748
9	Panorama	Hypermarket	Riyadh	Central	2009G	9,395	13,480
10	Central Park Al Salam 1	Hypermarket	Jeddah	Western	2010G	10,404	13,000
11	Binjuma Center 1	Hypermarket	Khobar	Eastern	2012G	15,928	20,434
12	Hitten	Hypermarket	Riyadh	Central	2014G	3,713	5,066
13	Al Kharj	Hypermarket	Kharj	Central	2014G	4,236	5,758
14	Faisalia	Supermarket	Dammam	Eastern	2014G	2,128	3,406
15	Nakhla	Hypermarket	Riyadh	Central	2014G	12,029	17,820
16	Al Yasmin Plaza	Supermarket	Riyadh	Central	2015G	2,835	3,770
17	Al Telal	Supermarket	Riyadh	Central	2015G	2,717	3,820
18	Bin Jelala 1	Hypermarket	Khamis Mushait	Southern	2015G	3,298	5,941
19	Al Wadi	Hypermarket	Riyadh	Central	2015G	6,113	8,527
20	Jizan Downtown 24	Hypermarket	Jizan	Southern	2016G	6,060	9,256

No.	Name	Type	City	Region	Year Opened	Selling Area (m^2)	Total Area (m^2)
21	Salmaniah	Hypermarket	Al Hassa	Eastern	2016G	7,087	10,092
22	Al Salaam 2	Hypermarket	Al Hassa	Eastern	2016G	4,520	6,964
23	Gawhara Abha	Hypermarket	Abha	Southern	2016G	3,838	6,490
24	Al Yarmouk	Hypermarket	Riyadh	Central	2016G	4,619	7,147
25	Al Mazruiah	Supermarket	Dammam	Eastern	2016G	2,564	4,397
26	Al Aqeeq	Hypermarket	Riyadh	Central	2016G	2,953	5,165
27	Al Rakah	Hypermarket	Khobar	Eastern	2017G	7,230	11,305
28	Al Waha - Eshbiliya	Hypermarket	Riyadh	Central	2017G	4,426	7,596
29	Al Mousa	Supermarket	Al Hassa	Eastern	2017G	3,127	4,780
30	Al Badiyah Plaza	Hypermarket	Riyadh	Central	2017G	4,387	7,568
31	Al Buhairah	Hypermarket	Dammam	Eastern	2017G	5,030	8,969
32	Azizia Plaza	Hypermarket	Khobar	Eastern	2017G	4,521	7,743
33	Al Ghadeer	Hypermarket	Riyadh	Central	2017G	4,400	8,443
34	Al Shaatee	Supermarket	Dammam	Eastern	2017G	2,395	4,276
35	Green Oaisis	Hypermarket	Riyadh	Central	2017G	4,100	6,942
36	Al Rawabi	Hypermarket	Riyadh	Central	2017G	4,665	7,344
37	Al Magharazat	Hypermarket	Riyadh	Central	2017G	4,196	6,973
38	Suhool	Hypermarket	Jubail	Eastern	2018G	3,558	6,014
39	Ravala Plaza	Supermarket	Abha	Southern	2018G	2,626	4,300
40	Tahlia-2	Hypermarket	Jeddah	Western	2018G	8,664	12,589
41	Unaizah	Hypermarket	Unaizah	Central	2018G	3,421	5,748
42	Tera Mall	Hypermarket	Taif	Western	2019G	5,727	10,400
43	Hail	Hypermarket	Hail	Southern	2020G	3,800	6,500
44	Al Mazaar Takhasusi-1	Hypermarket	Riyadh	Central	2020G	3,792	6,004
45	Al Andalus Plaza	Hypermarket	Riyadh	Central	2020G	3,530	5,857
46	Bin Jelala 4	Supermarket	Khamis Mushait	Southern	2020G	2,480	4,200
BinDawood Stores							
1	Shisha	Hypermarket	Makkah	Western	1986G	5,385	7,161
2	Zahir	Supermarket	Makkah	Western	1988G	1,102	2,372
3	Hamra	Hypermarket	Jeddah	Western	1990G	3,651	5,770
4	Shola	Hypermarket	Jeddah	Western	1991G	3,397	5,052
5	Azizia	Hypermarket	Makkah	Western	1994G	8,091	11,502
6	Sittin	Supermarket	Jeddah	Western	1996G	3,834	4,809
7	Rabwa	Supermarket	Jeddah	Western	1997G	2,042	3,639
8	Haram	Supermarket	Makkah	Western	1999G	2,095	2,337
9	Awali	Supermarket	Makkah	Western	2004G	2,579	4,097
10	Taiba	Supermarket	Madinah	Western	2004G	2,564	3,727
11	Zahra	Supermarket	Madinah	Western	2005G	1,290	1,957
12	Anwar- Movenpick	Supermarket	Madinah	Western	2006G	2,694	2,873

No.	Name	Type	City	Region	Year Opened	Selling Area (m^2)	Total Area (m^2)
13	Rusaifa	Supermarket	Makkah	Western	2007G	3,926	4,534
14	Abraj Al Bait	Hypermarket	Makkah	Western	2007G	7,201	7,502
15	Hijra	Supermarket	Madinah	Western	2008G	2,611	4,037
16	Rotana	Hypermarket	Madinah	Western	2008G	9,600	13,964
17	Kakia	Hypermarket	Makkah	Western	2009G	13,801	17,346
18	Heraa	Hypermarket	Jeddah	Western	2009G	11,788	16,246
19	Aya Mall	Hypermarket	Jeddah	Western	2011G	5,340	8,394
20	Jabal Omar	Supermarket	Makkah	Western	2014G	3,685	4,402
21	Jamaat	Hypermarket	Madinah	Western	2015G	3,525	5,127
22	Bin Jelala 2	Hypermarket	Khamis Mushait	Southern	2016G	3,648	5,436
23	Taif Valley Center	Supermarket	Taif	Western	2017G	2,516	4,155
24	Bin Jelala 3	Hypermarket	Khamis Mushait	Southern	2017G	2,873	5,000
25	Al Falah	Supermarket	Jeddah	Western	2018G	2,403	4,312
26	Al Shoqiyah	Supermarket	Makkah	Western	2018G	1,178	2,150
27	Bin Jumma-2	Hypermarket	Taif	Western	2019G	3,840	6,825

Source: Company information.

The Company's Stores are commonly located at high pedestrian and vehicle traffic areas and easily accessible sites. Most of the Stores typically operate daily from 6.00 am to 2.00 am.

4.9.3.2 Store sizes and types

The Company's Stores are classified by size according to Total Area in square meters, comprising: (i) Hypermarkets, being any Store whose Total Area exceeds 5,000 square meters; and (ii) Supermarkets, being any Store whose Total Area is not less than 1,000 square meters and not more than 5,000 square meters. As at the date of this Prospectus, the average Total Area of the Company's Hypermarkets is 9,278 square meters and the average Total Area of the Company's Supermarkets is 3,743 square meters. The Company plans to introduce a new store classification in H2 2021G to include Express Stores. The Company plans to open four new Express Stores in H2 2021G (for further details, see Section 4.10.1.3 ("**Sites for Future Properties**")). Identified Express Stores will be located in the Haramain High Speed Railway Stations. The offering will be mainly focused on food offerings and they will also stock minimal non-food to cater for the pilgrims' needs.

The way in which the Company defines Hypermarkets and Supermarkets (as set out in Section 1 of this Prospectus ("**Definitions and Abbreviations**")) is different from the definitions of these store formats in the Market Study. In the Market Study, (i) a hypermarket is any store with a selling space of over 2,500 square meters and with a primary focus on selling foods, beverages, tobacco and other groceries; and (ii) a supermarket is a retail outlet selling groceries with a selling space of between 400 and 2,500 square meters.

The Company's largely decides on the size of its Stores by the availability of suitable retail space. The Company designs most Stores to include car parking spaces for customers to provide a convenient shopping experience. The Company determines the number of parking lots per car park for each Store by the Store's location, the availability of space and the level of customer traffic anticipated in the immediate vicinity.

4.9.3.3 New store site selection and pre-leasing

Management believes that the locations of the Company's Stores are crucial to the Company's business success. The Company's site selection process comprises a four-pronged approach covering: (i) catchment area analysis, (ii) cannibalization analysis, (iii) financial profitability and viability analysis, and (iv) historical analysis of competitors' performance in similar catchment area. More broadly, the Company carefully considers the following key factors:

- population density, customer traffic and vehicle traffic;
- customer accessibility;
- potential growth of the local population in the surrounding catchment area (including whether the area is residential or commercial);
- retail development potential and future development trends;
- estimated spending power of the population and local economy;
- profitability and period to reach breakeven, estimated on the basis of the expected sales potential;
- marketing and strategic benefits;
- revenue potential depending on store footfall and average basket size;
- potential intra-company cannibalization;
- proximity and performance of competitors in the surrounding area (including review of competitors' product mix and market trends); and
- site characteristics and suitability with the specification of the Company's building plans.

The Company conducts a thorough site review and analysis based on the above factors before deciding on the location of new stores. Shortlisted sites are coordinated by the Development team at the Company's Head Office and led by the Chief Development Officer to avoid locating any new stores in the vicinity of existing Stores or other planned new stores. The Development team is responsible for, among other things, site selection, leasing discussions, store design and layout. The Chief Development Officer maintains close relations with Saudi Arabia's leading real estate developers for the identification of potential sites for new stores. Store development activities are reviewed and discussed quarterly with the Company's Board of Directors to provide approvals as necessary for the development of new stores.

The Company also works with Related Parties in the real estate sector to identify new store sites based on real estate acquisitions by such Related Parties for future leasing as new stores by the Company.

4.9.3.4 Design, layout and presentation of stores

The Company uses similar exterior design for its Stores under each of its "BinDawood" and "Danube" brands. The Company also employs broadly similar standards for the fundamental layout and interior design of its Stores under each of these brands, designed for the convenience of customers and for operational efficiency. Key features of the Company's Stores layout include: (i) wide aisles; (ii) grid design layout for the in-Stores sales areas for food and FMCG merchandise; (iii) Non-Food Products located at the edges of the Stores away from the central aisles; (iv) an in-store bakery for all new stores; and (vi) in certain cases, restaurants operating under the "Danube" brand. In distinguishing the Company's "BinDawood" and "Danube" brands, the exterior facades of the Stores and layout design between these dual brands are separate and distinctive. The layout and design of the Company's Stores may vary depending on the size and location - for example, the largest Hypermarkets typically will employ a different design and layout compared to smaller Supermarkets.

4.9.3.5 Handover and store opening process

The Company's fit out of its new stores usually involves the installation of equipment, furniture and high- quality in-store fittings (including shelving), self-checkout counters, security systems, telephones and data lines. The Company hands over the store to its operations team to complete an asset checklist and verification prior to any new store opening. Thereafter, the operations team arranges for inventory to be delivered to the store, which is then opened to the general public and becomes operational. However, the timing of Store openings after handover is subject to government permits and licenses. In the selection of the initial product mix, the Company reviews the sales history of similar stores in the area. The period for opening a store is, on average, 1 to 2 years starting from the handover of the leased premises up to the opening of the store.

4.9.3.6 Maintenance and renovation of Stores

The Company conducts regular maintenance for the upkeep of its Stores, which the Company's operations team oversees. Maintenance focuses on: (i) compliance with all applicable building, sanitary and safety regulations, with regular audits performed (a weekly assessment of store health by a dedicated in-house team and sub-contractors for technical equipment); (ii) the cleanliness of each Store; (iii) upgrading older Stores to ensure uniformity of the shopping experience across the Company's network of Stores (involving, for example, remodeling Store layouts and improving product presentation, refitting lighting and expanding in-house bakery facilities); and (iv) replacing equipment as it reaches obsolescence. Stores under maintenance or renovation works may be temporarily partially shut down. The regular maintenance work is carried out to ensure longevity of fit outs. In general, major refurbishments are undertaken only when it is expected to materially impact the Store revenue. Following Store upgrades, a strong return on investment is typically realized based on the unique shopping experience. The Company has seen an increase in sales post-renovation of up to 15% in some Stores, based on the change in sales three months prior and post renovation in non-seasonal products. There is generally no disruption to Store operations during refurbishments. The Company purchases construction materials for Store maintenance and renovation directly from the manufacturers, driving higher quality, time efficiencies, cost savings and longer warranty periods.

4.9.4 Merchandise and Product Mix

4.9.4.1 Procurement strategy

The Company purchases substantially all of the merchandise sold in its Stores from suppliers of domestic and international FMCG brands based in Saudi Arabia including merchandise from the Saudi Arabian subsidiaries or affiliates of international suppliers.

The Company aims to provide a comprehensive range of quality merchandise at competitive prices to its customers. Management believes the quality of the Company's suppliers plays a key part in the Company's procurement strategy. The selection of the Company's suppliers for each of the Company's brands is made centrally by the Company's Head Office senior category managers, who manage new product supplies in their respective merchandise categories and meet regularly with the Senior Executives to approve all new product supplies. The respective category managers oversee and manage the quality of the merchandise supplied to the Company's Stores to ensure strict adherence to quality standards.

The Company considers a range of factors in selecting its suppliers, including quality of merchandise offerings; financial stability; merchandise selection; pricing; suitability of merchandise to meet local needs; and after sales services. Given the nature of their activities, neither the Company nor its Subsidiaries have a product research and development policy; however, the Company regularly reviews its merchandise mix and new product opportunities to respond to changing demands of customers and to provide a broader choice to customers than the Company's competitors.

The Company undertakes both the negotiation and finalization of all supplier contracts for the "BinDawood" and "Danube" brands centrally at the Company's Head Office. As at the date of this Prospectus, the Company uses a standardized supply contract when signing supply contracts with new suppliers, or renewing existing supply contracts. However, a majority of the Company's existing supply contracts are not yet on standardized supply contract terms (see Section 4.9.5 ("Suppliers") below for further information).

The Company manages the import of international merchandise through a number of sales agents by region, with its two primary import regions being Europe and China (from which the Company sources a majority of its imports). The Company typically reviews the products that it intends to import and it relevant SKUs and selects international merchandise SKUs at overseas food fairs or exhibitions by suppliers operating in these regions. The merchandise imported by the Company includes both food and Non-Food Products.

4.9.4.2 Product and Goods Inspection

The Products and Goods Inspection department develops testing policies, evaluates the quality of the merchandise in the proposals of suppliers before providing approval for purchase orders, and examines the merchandise and processes used in production. This requires application of procedures for all physical, chemical and microscopic testing of samples, if necessary, through coordination with the supplier. In addition, the department determines which new products/SKUs to sell in Stores. The department inspects the item and then passes it to senior management for approval, subject to approval by the Saudi Food and Drug Authority or the Saudi Standards and Metrology and Quality Organization.

4.9.4.3 Merchandise categories

The Company's principal merchandise categories comprise the following:

- **FMCG**: the Company's Fast Moving Consumer Goods merchandise category includes both food and non-food SKUs, covering (among other things): packaged foods; beverages; washing detergents; toiletries; over-the-counter medicines; and other household consumables.
- **Fresh Food (including perishables and nuts, meat, fish and bakery)**:
  - ***Perishables and nuts:*** the Company's Perishables and Nuts merchandise category includes fruit, vegetables, dairy products and nuts.
  - ***Meat and Fish:*** the Company's meat and fish merchandise category includes meat and fish at in-Store meat and fish counters as well as pre-packaged meat and fish SKUs.
  - ***Bakery:*** the Danube Bakery chain is one of the largest chains of premium bakeries operating in Saudi Arabia with in-Store bakeries operating in 46 Danube Stores and 21 BinDawood Stores, specialized in preparing all types of bread, manakish and pizza. The Company also has 9 in-Store bakery production facilities (not equipped with sales outlets) to produce and distribute cakes, pastries, baklava and sweets to all Stores, and an out-Store bakery facility servicing a number of Stores that fall beyond the scope of in-Store production facilities. Management believes the Company's in-Store bakeries are critical to its success and each new store always includes a bakery to generate consumer traffic and drive sales of SKUs in the Company's other merchandise categories. The Company produces a majority of products sold at its in-Store bakeries by its in-house bakeries production team, with the remaining bakery merchandise provided by third party suppliers.
- **Non-Food Products**: the Company's range of Non-Food Products merchandise category (which excludes non-food FMCG SKUs) principally includes the following: (i) household and homeware goods; (ii) textiles and clothing; (iii) toys; (iv) home appliances; (v) electronics; and (vi) bags and accessories. In the year ended 31 December 2019G, the total number of Non-Food Product SKUs sold in the Company's Stores was approximately 64,000, generating 14.1% of the Company's total revenue for the same period.

For the year ending 31 December 2019G, 93.6% of total gross purchases were supplied by domestic suppliers in Saudi Arabia whilst 6.4% of the gross purchases were supplied by international suppliers (and imported by the Company).

The breakdown of the Company's revenues by merchandise categories is as set out in Table 4-34 below for the relevant financial periods:

Table (4-34): Revenue breakdown by merchandise category

Merchandise Category	FY17G	FY18G	FY19G
FMCG	56.3%	58.5%	59.8%
Fresh Food (including perishables and nuts, meat and fish and bakery)	27%	27.3%	26.1%
Non-Food Products (mainly including household and gifting items of pilgrims)	16.7%	14.2%	14.1%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Company information.

For FY19G, the Company had a high revenue contribution of 26.1% from the Fresh Food category (meat and fish, perishables and nuts and baked goods) despite a low SKU share (6.0%) due to the high quality of product assortment in the fresh food category.

4.9.5 Suppliers

4.9.5.1 Overview of the Company's Suppliers

The Company's supplier base is diversified, with no single supplier accounting for more than 6% of the Company's spending on product supplies in the year ending 31 December 2019G. The Company purchases substantially all of the merchandise sold in its Stores from suppliers of domestic and international FMCG brands based in Saudi Arabia including merchandise from the Saudi Arabian subsidiaries or affiliates of international suppliers. As at the date of this Prospectus, the Company had in total more than 3,500 active suppliers, of which approximately 45.0% were domestic suppliers providing local or regional brands, 50.0% were domestic affiliates or subsidiaries of international FMCG brands, and approximately 5.0% were international suppliers without any presence in Saudi Arabia.

The Company benefits by building strong relationships with its larger suppliers and leveraging scale of its buying power into lower costs. The Company expects that its continued expansion in the Kingdom will further increase its overall purchasing power. The Company also nurtures and cultivates relationships with smaller suppliers, especially those providing local/regional products, ideally resulting in higher volumes over the course of the relationship (resulting in better pricing). Due to its scale and pace of expansion and its knowledge of customer behavior, the Company is in a position to offer suppliers with the potential for greater market share, which, in turn, enables the Company to negotiate improved purchasing conditions, thereby increasing its margins and competitiveness.

The Company also procures and sells a limited number of private label SKUs, including dates, accessories, disposables, household and hardware items, bags, tissues, umbrellas and ihram under the "BinDawood" brand, for instance Imperial, BD and The Duke. The Company sources products from local and international suppliers for its private label merchandise. The Company's private label products are generally available in BinDawood Stores, with certain products also on sale in Danube Stores. The Company's use of the "BinDawood" brand for its private label products is designed to attract religious tourists and pilgrims and raise "BinDawood" brand awareness in Makkah and Madinah. The percentage of the Company's revenues generated by sales of private label products was less than 1% for each of the financial years ending 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. Within the private label category, Non-Food Products accounted for 90.6%, FMCG and grocery accounted for 9.3%, and perishables and nuts accounted for 0.2% of total private label SKUs, respectively in 2019G. This excludes Bakery products produced by the Company and all privately sourced meat products.

4.9.5.2 The Company's Key Suppliers

The top 25 suppliers of 2019G (identified based on gross purchases in 2019G), for the years ended 31 December 2017G, 31 December 2018G and 31 December 2019G accounted for 40.0%, 41.7% and 43.2% of the Company's total gross purchases made, respectively. The top 10 suppliers of 2019G[104] (identified based on gross purchases in 2019G) for the same periods accounted for 26.6%, 26.0% and 26.8% of the Company's total gross purchases made, respectively. The substantial majority of the top 25 suppliers had a relationship with the Company for more than 10 years.

The following table provides an overview of the Company's Key Suppliers (ordered alphabetically) as at 31 December 2019G:

Table (4-35): The Company's Key Suppliers

No.	Supplier name	Key Products	Year relationship commenced between Supplier and Company or Subsidiaries
1	Abdullah A. Almunajem Sons Co.	Doux, Montana President, Coopolivia, 3-Cow, Supreme	2007G
2	Afia International Co.	Afia Oil, Dalal, Shams	2004G
3	Saudi Snack Foods Co. Ltd.	Lays, Cheetos, Doritos, Sun Bites	2004G

104 The ranking and composition of the Key Suppliers depends on the contribution to the total volume of purchases.

No.	Supplier name	Key Products	Year relationship commenced between Supplier and Company or Subsidiaries
4	Almarai Trading Co. Ltd.	L'Usine, Almarai, Alyoum	2004G
5	Alwafi Altakamol Intl For Food Ltd.	Sadia, Perdix	2009G
6	Arabian Trading Supplies Co. (Confec.)	Galaxy, Mars, M&M, Snickers	2004G
7	Arrow Food Distribution Co.	Evian, Kellogs, Langnese	2004G
8	Arrow Food Distribution Co. (Henkel)	Persil, Henkel, Dac, Pril	2004G
9	Basamah Commercial Distribution Co.	Goody, Perfetto, Perrier, Baygon, Betty Crocker	2004G
10	Said Mohamed Obaid Binzagr Partner Co. Ltd. (Food Products)	Hershey's, Carlsberg, Igloo Ice Cream, Bonny	2013G
11	Binzagr Unilever Distribution Co. Ltd	Lipton, Omo, Close-Up, Jif, Noor, Sunsilk, Rexona, Dove, Lux, Comfort Signal	2004G
12	Danya Marketing Ltd.	Arla, Starbucks, Puck	2004G
13	Food & Fine Pastries MFG. Co. Ltd.	Sunbola, Nai, Solo, Shifa Honey	2004G
14	Ismail Abu Dawood Trading Co. (Food)	Ferrero Rocher, Quaker	1996G
15	Ismail Abu Dawood Trading Co.	Ariel, Tide, Pantene, H&Shoulder, Clorex, Lotus, Always, Crest, Pampers	1996G
16	Moh. Abdullah Sharbatly Coldstores	Sharbatly Fresh Fruits	2006G
17	Mondelez Arabia For Trading LLC	Tang, Cadbury, Oreo	2005G
18	Multi Brands Co.	Siblu, Ali Café, Poppins, Tri-C, Dalfour, Ocean Spray, Sirella, Foody's Buitoni	2007G
19	National Food Co. (Americana Meat)	Americana, Luncheon, Royal	2004G
20	Nestle Saudi Arabia Co. Main Line	Nido, Nestle, Nescafe, KitKat, Maggi, Fancy Feast, Libby's	2011G
21	Olayan Kimberly-Clark Saudi Co	Kleenex, Huggies	2004G
22	Orient Provision & Trading Co. Ltd.	Tabasco, Heinz, Aspen, Freshly	2004G
23	Saudi Dairy & Foodstuff Co.	Saudia	2004G
24	Saudi Radwa Food Co. Ltd.	Radwa	2014G
25	The National Agriculture Dev Nadec	Nadec	2004G

Source: Company information.

4.9.5.3 Description of typical supply terms

The Company's relations with its suppliers are regulated in most cases by a supply contract on broadly similar terms. Most supply contracts provide for, among other things:

- the Company's purchase price for the merchandise;
- Supplier Support Incentives;
- the terms for the order, delivery, return and payment of supplies;
- term of the contract and termination and renewal rights (if any) of the parties; and
- the payment by the suppliers of certain fees to the Company, comprising registration fees, listing fees and opening fees pertaining to the opening of new Stores (the Company determines these fees annually, taking into account general economic and commercial factors).

- For further details on the main terms of supply contracts with Key Suppliers, please refer to Section 12.6.2 ("**Key Supply Agreements**").

The main commercial and payment terms are usually negotiated by the Company's procurement and supplies team centrally at the Company's Head Office. In most cases, title and ownership of the merchandise pass from the Company's suppliers to the Company upon delivery and receipt of the merchandise. Title to the products remains subject to the Company's returns policy, under which a product supplied may be returned to a supplier if unsold after an agreed shelf life. The Company determines the final selling price of the product to the consumers. The Company typically enters into supply contracts with each of its suppliers for a term which varies between one year and three years following annual discussions with each supplier as to its supply targets and objectives for the next year. The Company then issues orders for merchandise SKUs pursuant to purchase orders, which are subject to the terms of relevant supply contract. In most cases, as part of the Company's Supplier Support Incentives arrangements, when orders placed with a particular supplier exceed an agreed amount as specified in the supply agreement and / or related purchase order, the Company will be entitled to a percentage rebate or discount on the purchase price per SKU with that supplier (payable to the Company by suppliers once certain pre-agreed sales targets have been achieved). The Company's typical credit terms with its suppliers are 30 to 60 days, as agreed in the supply agreements (for further details on the amounts owed to the Company in the context of Supplier Support Incentives arrangements, please refer to Section 12.6.2 ("**Key Supply Agreements**").

A material portion of the Company's cost of revenue is reduced by Supplier Support Incentives from its suppliers. Supplier Support Incentives comprise the following:

- shelf display rental incentives (both monthly and annual) of the Company earned from the display of various products by supplier within the Company's Stores;
- branch opening fee incentives of the Company agreed with certain suppliers, which is recognized upon new branch openings;
- incentives resulting from volume based rebates payable to the Company by suppliers once certain pre-agreed sales targets have been achieved; and / or
- incentives resulting from listing fees of the Company agreed with certain suppliers, which are paid by such suppliers upon including a new SKU in one or more of the Company's Stores.

Shelf display rental rebates resulting from suppliers renting shelves and space for the display of various products within the Company's Stores are rental fees deducted from Company suppliers in exchange for renting shelves and display space for products inside the Stores. While the incentives and rebates mentioned in the second paragraph of this section are financial amounts payable to the Company by suppliers once certain pre-agreed sales targets have been achieved.

4.9.5.4 Supply Chain Management

Management believes that one of the Company's competitive advantages is its effective supply chain management system tailored to the Company's supply needs. The efficiency of the Company's Store operations, logistics network and warehousing strategy, whereby it minimizes storage space, helps the Company maintain competitiveness and strong margins. The Company's supply chain is centralized at the Company's Head Office and shares supporting services for both BinDawood Stores and Danube Stores. In addition, the Company maintains an integrated supply chain allowing it to generate significant economies of scale and increase purchasing power with respect to its suppliers.

In terms of ordinary course orders across different supply chain levels, the individual Store level supply chain supervisor first identifies the need for the relevant products. The Store supervisor then issues a purchase order (or "**PO**") on the Company's bespoke, centralized IT system used for order tracking and reporting purposes. If the PO is below a certain threshold, the supervisor sends the PO directly to the relevant supplier(s). If the PO is above the threshold, the supervisor sends it to the Company's regional supply chain manager (of which there are currently seven in total) for approval, following which the Store supervisor sends it to the relevant supplier(s). If the product is stored in one of the Company's warehouses, the Company's distribution network will send the product to the relevant Store directly from that warehouse. If the product needs to be delivered by the supplier, the supplier will deliver it directly to the relevant Store pursuant to the relevant PO. The Company is in the process of moving towards a more automated system of purchase orders and supplies replenishment.

4.9.6 Overview of Warehouses and Distribution Network

4.9.6.1 Warehouses

The Company has two warehouses, with one operating in the Municipality of Bahra near Jeddah and the other in Riyadh opened on 1 July 2020G. The Company also has an operational warehouse located in Jeddah comprised of a fruit and vegetables warehouse (1,691 square meters) and a central bakery (2,732 square meters) (opened on 1 July 2020G). The Company's international suppliers deliver their products to the Company's warehouses in the first instance before they are distributed to the Company's Stores. The principal purpose of the Company's warehouses is to store: (i) certain merchandise provided by domestic suppliers; and (ii) merchandise imported from international distributors prior to onward distribution to the Company's Stores. Approximately 90.0% of merchandise from domestic suppliers is delivered to the Company's Stores directly. The remaining 10.0% is delivered to the Company's warehouses, where it is stored for an average period of 30 days before onward delivery to the Company's Stores using the Company's distribution network.

In addition, the Company uses some of its large, flagship Stores to store merchandise for those Stores and other smaller surrounding Stores. For the supply of bakery products to the Company's in-store bakeries, the Company uses a central bakery in Jeddah and its 9 in-store bakery production facilities to produce and distribute its bakery products. The Company's strategy is to transform conventional warehouse storage with modern and efficient supply chain solutions.

4.9.6.2 Distribution Network

The Company has a fleet of approximately 147 owned commercial vehicles directly delivering from local suppliers, warehouses and central bakery to the Stores and also from local suppliers to the warehouses. The Company's delivery vehicle fleet is based in Jeddah and Riyadh and carries out short-haul and long-haul deliveries from the Company's warehouses to Stores within 100 km. The use of its own delivery fleet gives the Company better reliability and quality of delivery services. The Company also occasionally uses third party delivery vehicles to deliver products to its Stores (typically during peak seasons or when there is higher demand). Deliveries of products sold online through the Company's websites and two online mobile applications are not made using the Company's delivery vehicles, but rather through a third party service provider, International App Company, as discussed in Section 4.9.7.2 below ("Mobile Applications and Online Shopping").

4.9.7 Sales, Marketing and Promotions

4.9.7.1 Pricing strategy

The Company's retail pricing strategy is designed to offer products at competitive prices to customers, taking into account the market positioning of the "BinDawood" and "Danube" brands, respectively, as well as the product features of each product category. The Company continually monitors market prices and trends and implements appropriate adjustments to retail prices for its products and promotions as and when necessary.

For certain SKUs (including those from certain Key Suppliers), the retail price of each product is determined by the Company after consulting with suppliers and assessing market prices. The Company negotiates in this way for a substantial portion of SKUs (particularly well known, household brands) from Key Suppliers sold in its Stores.

4.9.7.2 Mobile Applications and Online Shopping

The Company enables sales of its products through its websites and two online mobile applications, one for the "BinDawood" brand and the other for the "Danube" brand. In 2017G, the Company launched Danube Online and the Danube App, offering a robust online shopping experience for grocery products using state-of-the-art technologies. Management believes that Danube Online has transformed the Saudi Arabian grocery shopping experience by personalizing it and catering to unmet online shopping needs in the Kingdom within an agreed delivery time and reliable service. Key areas of focus in relation to the online and mobile platform include: growing network of Stores supporting online and app platform; improving online product mix; building online footfall to the Company's websites; leveraging online for direct marketing; and gathering data on purchasing habits to identify consumption trends and patterns. The Company works with the developer to continually enhance and improve the Danube Online shopping experience to strive for the highest e-commerce grocery standards.

The Danube Online e-commerce platform is hosted on www.danube.sa. In addition, the Company launched the BinDawood mobile application in 2019G. The Company has collaborated with Majed M. AlTahan, one of the most prominent businessmen in the application programming and the chief executive of International App Company to develop “BinDawood” and “Danube” mobile applications. The International App Company is owned 50% (direct and indirect) by Related Parties of BDH, as follows: (1) 40% of International Apps Company is owned directly by Amwaj Real Estate Company Limited (a Related Party of the Company) whilst the other 10% is held by First Commercial Apps Company Limited (in which Abdulrazzag Dawood BinDawood, an indirect shareholder of BDH as well as Chairman of the Board in BDH, is also a shareholder); and (2) the remaining 50% share of the International App Company is owned directly and indirectly by unrelated third parties. This enables the Company to capture online sales (which are outsourced in their entirety to International App Company).

On 18 December 2019G, each of Danube and BDSS entered into identical services agreements with International App Company, under which International App Company provides services to support Danube and BinDawood’s online platforms (including the mobile applications and website for Danube and the mobile application for BinDawood, respectively). The principal terms of each of the agreements are as follows:

- the agreements have terms of 10 years each with the option to renew for two years at a time after expiry;
- Danube and BinDawood pay International App Company monthly fees equal to 10.8% of sales of the Company’s FMCG merchandise from the respective online platforms. In addition, Danube and BinDawood may have to pay a certain percentage of advertising revenue, and app sales, depending on the level of sales;
- International App Company has an exclusive license to promote and sell Danube and BinDawood products on the online platform, and has a non-exclusive right to use Danube and BinDawood trademarks to provide the services and advertise products;
- International App Company must give Danube and BinDawood a right of first refusal before selling the online platform to any third party;
- International App Company must process personal data of customers in providing the services, but such data will remain the proprietary information of Danube and BinDawood for internal use (such as conducting sale statistical studies, assessing market trends, and identifying changes in the purchasing pattern) and International App Company does not have a right to sell such data to third parties; and
- where International App Company is performing delivery services for Danube and BinDawood, International App Company bears the risk for the product once it has collected it from the relevant Store until it successfully delivers the product to the customer. International App Company is solely responsible for delivering products to customers on demand, via mobile applications/ online e-commerce platforms. For a temporary and exceptional period (resulting from the COVID-19 pandemic), the Company is currently outsourcing the delivery of products to third parties, and will review its position once restrictions on movement have been removed.

As at the date of this Prospectus, International App Company sources its products for delivery from 31 one of the Company’s Stores, 20 of which are Danube Stores (13 of them are located in Riyadh, four are located in Jeddah, one is located in Taif and two in Dammam/Khobar) and 11 are BinDawood Stores (five of them are located in Makkah, two are in Jeddah, and four are in Madinah). The Company intends to increase the number of Stores that support online shopping to 50 by the end of 2020G. The Company’s customers bear any delivery costs related to shopping online.

4.9.7.3 Promotional campaigns

The Company’s marketing strategy for the “BinDawood” and “Danube” brands is to position these brands as the stores of choice for delivering local and premium products in Saudi Arabia, respectively. Management strives to create strong brand values to associate with shopping at the Company’s Stores, including with respect to convenience, quality, value and choice. The Company engages in a weekly review of shelving strategy. The Company’s marketing channels comprise the following: screens; static billboards; websites (including social media); geo-fencing applications (which monitor shopping behavior to aid promotional campaigns); radio; YouTube; and outdoor events.

In terms of direct marketing, the Company has a primary focus on effective direct marketing leaflets in the form of weekly brochures of approximately 40 pages or digital flyers (introduced to reduce printing costs and reach customers quicker) which advertise competitively priced products in addition to the Company's products on offer. A typical Danube brochure includes a cover page outlining 'Best Steal Deals', internal pages demonstrating high quality and affordable in-house bakery products as well as imports and destination products and a back cover page outlining last minute deals and announcements. The Company's targeted merchandising strategy increases the average basket size.

The Company regularly and frequently undertakes a range of promotional activities, including the organization of more than 40 retail festivals each year within certain of its Stores. These festivals involve themed events (for example, "Back to School", Chocolate", "Summer", "Saudi National Day", "Home Sweet Home", "Mom", "Winter", "Ramadan", "Baby Care", "Cooking", "American" and "BBQ" themed festivals), which are organized together with the Company's suppliers to promote suppliers' products at the Company's Stores. As an example, in 2019G the Company's "Coffee Festival" resulted in an increase of 46% for the amount of Coffee sold against a non-festival day with a 33% increase in value. For these festivals, suppliers typically provide their own promotion and marketing activities alongside the Company's. The Company also employs a variety of other media for promotional activities, including social media (such as Facebook, LinkedIn and YouTube) as well as national television advertisement campaigns to promote its brands.

4.9.8 Operations Management of Stores

4.9.8.1 Overview

The Company's Operations Management is responsible for the implementation and day-to-day management of operations effected in accordance with the guiding principles, rules and plans strategically drawn by the Company's Senior Management for all Stores and warehouses of the Company. Broadly, tasks and responsibilities of Operations Management are distributed and divided between Regional Management and Store Managers. The Company's Operations Management is structured on a decentralized basis, with dedicated teams responsible for managing the day-to-day operations within each Store, while clusters of Stores by region are overseen by Regional Managers.

4.9.8.2 Head Office

The Company performs its Head Office operations from its branch offices in Jeddah. The principal functions of the Head Office are set out and explained in Section 4.12 ("**Head Office Departments and Support Functions**") below.

4.9.8.3 Regional Management

Regional Management coordinates between the Head Office of the Company and Stores to provide regional managerial oversight of individual Stores, including the provision of approvals in connection with supplies and renovations. Regional Management has responsibility for produce and flowers/plants, meat and fish, promotion, brands, bakery and deli, supply, merchandising, loyalty and Store management. In addition, the Company appoints department operation specialists at regional levels. Regional Management focuses on sales target at the regional level of operations and ensures the implementation of all the goals and strategies set by the Company's Senior Management. Service goals, expectations and results are shared with Store teams daily. There is a weekly branch manager meeting/conference call which connects all branch managers, the CEO and Head of Human Resources. The Company maintains an open door policy for branch managers within the Head Office.

4.9.8.4 Store Management

Individual Store operations are generally managed on a decentralized basis by a management team responsible for each Store, subject to managerial oversight by Regional Management and Head Office. As at the date of this Prospectus, the Operations Management functions of each Store is responsible for customer services, supplies and orders for each Store. In addition, individual Store management is responsible for budgeting, financial and general ongoing operational matters. Each store manager is responsible for setting the store's operational budget in close coordination with its Regional Management. Each Store manager is also responsible for ensuring that the store is well maintained through regular checks and inspections, as well as overseeing staff and applying all related guidelines in accordance with the Company's applicable policies and procedures.

4.9.8.5 Retail Operations Team

The Company's Retail Operations division is comprised of the Chief Operating Officer and the retail operations team, which is subdivided into Regional Management (with 5 Regional Directors), Operations Support and Logistics. Operations Support oversees project management, information management and merchandising management.

4.9.8.6 Quality Assurance and Control

The Quality Assurance and Control teams at each Store ensure quality standards for merchandise and products that are presented to customers for their respective Stores. The team prepares periodic reports to measure quality and samples are tested to confirm this. Random testing procedures are applied during the handling and receiving process of merchandise from suppliers, ensuring due care in the presentation of displayed items and cleanliness of the surrounding environment. At the time of receiving fresh items (such as meat, fish, fruit and vegetables), it is the responsibility of the Quality Assurance and Control team in each Store to check the quality of each item, its expiry date and under what conditions they should be stored in preparation for sale. The teams determine whether any such items have expired prior to sale and, if expired, they dispose of those items or return them to suppliers. There are also frequent visits and coaching sessions from operation directors and specialist field teams.

4.9.8.7 Marketing and Media

The Company employs Store managers in charge of marketing and media who maintain close contact with the Head Office Marketing & Business Development team on an ongoing basis. Store managers work closely with Head Office in developing and implementing plans for marketing and promotions, e.g. festivals in their particular Stores. The Head Office team also regularly reviews with each Store manager the sale of products and they discuss why a certain product may not be selling well in that particular Store. While key marketing campaigns and promotions are decided at Head Office level, the Head Office team also use Store managers as sources of information (for example, which items are selling poorly) and therefore Store managers assist the Head office in deciding upon product promotions.

4.9.8.8 Cash Management

The Company's cash collection policy is designed to standardize practices across all Stores with respect to cash handling. The policy is designed to prevent possibilities of cash mismanagement and fraud and outlines the responsibilities of individuals who are authorized to receive, deposit, disburse and reconcile cash and equivalents. In addition, the policy ensures cash and equivalents are handled in a safe manner and deposited in the designated bank account on a daily basis at a specified cut-off time.

In each of the Company's Stores there is a head cashier who reports to a head cash auditor at the relevant regional office or otherwise in the Head Office. The regional cash auditor reports to the Head Office. Owing to the Company's policy of not carrying large amounts of cash, the head cashier is responsible for depositing cash in cash deposit machine located in certain larger Stores. The head cashier then deposits, as cash in hand, the sum of money to the cash auditor. On a daily basis, the cash is deposited in the Company's bank accounts (acting together with the Company's security team). The Company also holds specialist insurance for any loss or theft of cash in hand from any of its Stores or in its cash deposit machine prior to depositing the cash at the Company's bank accounts. It is the responsibility of the cash auditor to reconcile sales with cash on a daily basis.

The Company has an effective transaction processing system, which supports the Executive Committee and CEO to manage the business actively down to Store and department level and performs detailed analysis of ongoing performance on a regular basis. The transaction processing system ensures efficient coordination of Stores in order to execute management's decisions quickly. The efficient transaction processing system facilitates planning and controlling to monitor the business. The 24-hour transaction processing system assists management in fast and flexible steering of the business through timely decision-making.

4.9.8.9 Security

The Company's security arrangements comply with the requirements of each Store and relevant laws. The security services cover the manned guarding of all Store entrances, external patrols outside stores (on foot), as well as manning the control rooms within stores, which includes CCTV and alarm systems monitoring. In terms of front door security personnel, each Store has a security guard and security supervisor. The security supervisor has access to the CCTV systems of the Store and the supervisor reports to the Head Office manager for security services. The Company operates these services 24 hours per day, seven days a week across all stores within the Company's portfolio.

4.9.9 Overview of the Company's Properties

4.9.9.1 Overview of properties of the Company

4.9.9.1.1 Stores

The Company's landlords in respect of its Stores comprise of a mixture of related parties and non-related parties. As at the date of this Prospectus, the Company has a total of 73 operational Stores and three new stores under development. As at the date of this Prospectus, the number of Stores for which the Company has a lease with a Related Party is 13 out of 76 stores (for further information on the leases of Stores, see Section 12.6.3 ("**Store Leases**") below). The Company has entered into leases with the following related parties: (i) National Leader for Real Estate Co. Ltd. and (ii) Amwaj Real Estate Company Ltd. The Company maintains strong relations with its landlords. In addition, certain areas within the Company's Stores are sub-let to third parties. For further details of typical lease terms, see Section 4.9.9.2 ("**Typical lease terms of the Company's Stores**") below.

4.9.9.1.2 Head Office

The Company has entered into two leases pertaining to its Head Office, as follows: (i) one Head Office lease for the head office of Danube Foodstuff & Commodities Company; and (ii) one Head Office lease for the head office of BinDawood Superstores Company. Both Head Office leases have been entered into with National Leader for Real Estate Co. Ltd as landlord, which is a related party of the Company. Both Head Office leases are for terms of 7 Gregorian years each starting on 01/01/2019G and expiring on 31/12/2025G. The head office leases are subject to automatic renewal unless either party notifies the other of its intention not to renew at least six months prior to the expiry of the lease term.

4.9.9.1.3 Staff Accommodation

The Company has entered into 35 leases for staff accommodation. The counterparties of such leases are Related Parties and other non-related third parties. The terms of such leases are typically short-term leases with the longest term being 9 Gregorian or Hijri years. The renewal provisions of such leases vary. Whilst some leases are renewed automatically, other leases may only be renewed by the mutual agreement of the parties.

4.9.9.1.4 Warehouses

The Company has entered into three leases for its warehouses relating to the Company's warehouses in the Municipality of Bahra near Jeddah and Riyadh (the warehouse located in Riyadh was opened on 1 July 2020G). The Company has entered into a lease for its operational warehouse located in Jeddah comprised of a fruit and vegetables warehouse and a central bakery (opened on 1 July 2020G). Such leases have been entered into with related parties. The terms of the two leases for the warehouses in the Municipality of Bahra are for 7 Gregorian years each and the term of the lease for the warehouse in Riyadh is for 16 Gregorian years. The warehouse leases are subject to automatic renewal unless either party notifies the other of its intention not to renew at least six months prior to the expiry of the lease term.

4.9.9.2 Typical lease terms of the Company's Stores

As of the date of this Prospectus, the Company operates all 73 of its Stores at premises leased by the Company. The Company has entered into a range of short-term and long-term leases. The Company's short-term leases typically run for terms up to one Hijri or Gregorian year and the Company's long-term leases typically run for terms of one to twenty five Hijri or Gregorian years. The majority of the leases provide the Company (as tenant) with a grace period to allow for fit-out works to be completed within the leased premises prior to the commencement of rent. The renewal provisions in such leases vary. Some leases are automatically renewable unless either party informs the other party otherwise, whilst other leases may only be renewed by the mutual agreement of the parties.

The rental payment terms of the Company's leases typically provide for agreed fixed rental payments which are periodically adjusted at a predetermined rate, typically stipulating a specified percentage increase in rent every five years. The sub-lease and assignment provisions (in the leases that include such assignment provisions) vary as follows: (i) some of the leases may not be sub-leased or assigned unless the Company has obtained the prior written approval of the landlord under such leases; and (ii) some leases allow the Company to assign or sub-lease only part of the property without the consent of the landlord and, in some cases, on the condition that the products being sold are normally done so in Supermarkets.

The Company has entered into 13 Related Party lease agreements relating to its Stores with the following related parties: (i) Amwaj Real Estate Company Ltd; and (ii) National Leader For Real Estate Co Ltd. Such Related Party leases typically run for terms of between seven (7) to nine (9) Gregorian years. Such leases may renew automatically unless either party notifies the other of its intention not to renew at least six (6) months prior to the expiry of the term. The rental payment terms of the related party leases typically provide for agreed fixed rental payments which are periodically adjusted at a predetermined rate, typically stipulating a specified percentage increase in rent either starting from the second, third or fourth year of the term of such leases (depending on the relevant lease). The Related Party leases include a provision where in the event there are no changes to the rental rate within the relevant area, the relevant landlord undertakes to waive the increase in the rental amount starting from the relevant rent escalation date stipulated in such leases. The Related Party leases also permit the Company to assign and / or sublease upon obtaining the prior written approval of the relevant landlord.

4.9.9.3 Summary of leases

Please refer to Section 12.6.3 (**"Store Leases"**) for a more detailed summary of the Company's lease terms.

4.10 Future Plans and Growth Opportunities

4.10.1 Geographical Expansion

4.10.1.1 Expansion in Saudi Arabia

Over the next five years, the Company plans to continue its geographical expansion to consolidate its position in all of its existing regions of operations within Saudi Arabia (including the Western Region, Central Region and Eastern Region). In particular, Management have prepared a national roll-out plan to expand the Company's national footprint, leveraging the flexibility of the Company's dual brand model and format to continue the expansion of the existing network of BinDawood and Danube Stores. However, the primary focus is to roll out more stores in the Danube brand. Further details of these new stores are set out in Table 4-36 in Section 4.10.1.3 ("**Sites for Future Properties**") below.

4.10.1.2 Expansion outside of Saudi Arabia

In addition to its domestic expansion, the Company is exploring options to open new stores outside of Saudi Arabia. In particular, Management is exploring potential opening of new stores in other countries within the MENA region. As of the date of this Prospectus, the Company and its Subsidiaries do not have any commercial activity or a substantial part of their assets outside the Kingdom.

4.10.1.3 Sites for Future Properties

The Company plans to open of the following new stores within Saudi Arabia by the end of 2021G:

Table (4-36): New Stores

No.	Brand	Type	Name	Location	Expected Selling Area (m^2)	Expected Total Area (m^2)	Expected year of operation	Investment rationale
1	Danube	Supermarket	Fifa Mall	Jeddah	1,950	3,480	H2 2020G	High population density with an attractive household mix skewed to mid-income to high-income households
2	Danube	Hypermarket	Awali Plaza	Makkah	3,054	5,976	H1 2021G	Attractive location supported by high customer and vehicle traffic
3	Danube	Supermarket	Tilal Al Naseem	Makkah	2,183	3,403	H1 2021G	Attractive location with high demand that will aim to serve pilgrim population; low cannibalization risk
4	Danube	Express	HHSR KAEC Station	Tuwal	185	194	In advanced stages of exclusive discussions for signing the agreement (2021G)	Uniquely located in the Economic City which is one of the few coastal neighborhoods in Saudi Arabia
5	Danube	Express	HHSR Makkah Station	Makkah	800	1,000	In advanced stages of exclusive discussions for signing the agreement (2021G)	Attractive location that will aim to serve the highly growing pilgrim population
6	Danube	Express	HHSR Jeddah Station	Jeddah	600	612	In advanced stages of exclusive discussions for signing the agreement (2021G)	Attractive location that will aim to serve the highly growing pilgrim population
7	Danube	Express	HHSR Madinah Station	Madinah	300	311	In advanced stages of exclusive discussions for signing the agreement (2021G)	Attractive location that will aim to serve the highly growing pilgrim population

Source: Company information.

4.10.2 Growth of the Company's Online Sales

The Company plans to increase its online sales as a proportion of its total revenue. The Company's product mix, SKU range and tailor made bundles and promotions are key focus areas with regards to its online strategy. In particular, Management plans to leverage its existing relationship with the International App Company and expand its reach to localities with low densities and grow coverage area across Saudi Arabia. For the financial year ended 31 December 2019G, 1.3% of the Company's revenue was generated from sales via its mobile applications and website.

4.11 Certifications and Awards

The Company and / or Management have received a multitude of awards since its establishment, with the most prestigious awards including the following:

- Chief Financial Officer of the Year, from the Saudi Trade Finance Awards (November 2019G);
- Most Admired - Store Manager of the year, KSA, from the Retail Middle East Awards (October 2019G);
- Ranked 36th and 25th in Forbes Middle East Top 50 Private Companies in the Arab World, 2018G and 2019G respectively;
- Danube Online won Digital Transformation of the Year, IDC Awards in September 2019G;
- Danube Online won Most Admired Online Retailer, KSA at the Retail Middle East Awards in April 2019G;
- Danube Online won Industry Excellence Award Food & Beverage at the Saudi Top Achiever Awards in March 2019G;
- Master CEO of the Year awarded to Ahmad AR. BinDawood, CEO Danube & BinDawood at the Saudi Top Achiever Awards in April 2019G;
- Danube Online and BinDawood won Retail Technology Award at the Seamless Awards in April 2018G; and
- BinDawood Holding won Most Admired F&B Retailer, KSA at the Retail Middle East Awards in November 2018G.

4.12 Head Office Departments and Support Functions

The Company operates its business through several different departments and functions managed centrally from its Head Office, as follows:

4.12.1 Development Department

All new store site selection, design and developments are undertaken by the Company's Development Team, led by the Chief Development Officer. This department is responsible for site selection, leasing, design and fit out for any new store, expansion projects management (including store openings), land acquisitions, contract management and portfolio management.

4.12.2 Commercial Department

The Company's Commercial department has the following main teams: Category Management; Merchandising Planning & Management; Pricing & Promotion Strategy; Suppliers Management; and Marketing & Business Development. These are each described in more detail as follows:

4.12.2.1 Category Management

The Head Office Category Management team is responsible for the selection of the Company's merchandise from suppliers by merchandise category. The selection of the Company's suppliers and merchandise for each of the Company's brands is made by senior category managers, each of whom is responsible for and manages new product supplies in their respective merchandise categories. The senior category managers meet regularly with the Company's Senior Executives to approve all new merchandise selection and supplies. The respective category managers oversee and manage the quality of the merchandise supplied to the Company's Stores to ensure strict adherence to quality standards.

4.12.2.2 Merchandise Planning & Management

The Merchandise Planning & Management team aims to provide new products that suit the needs and tastes of customers, taking into account consumer trends, quality standards and keeping pace with technical progress. This is done through tracking all new products throughout local and international markets, especially those related to wholesale food supplies and retail trading sectors, including studies and research related to the products and the sector in general. Additionally, the team coordinates with suppliers to ensure that shipments of goods are delivered and received in the agreed upon times, and to ensure that all vacant spaces in the Company's Stores are utilized in order to reduce the cost of storage. Furthermore, the team oversees the storage of imported goods that maintain their quality with a view to reducing the margin of damage or spoilage in stored goods.

4.12.2.3 Pricing & Promotion Strategy

The Pricing & Promotion Strategy team is responsible for setting and implementing the Company's pricing and promotions strategy with respect to its merchandise. In doing so, the team takes into account the market positioning of the "BinDawood" and "Danube" brands, respectively, as well as the product features of each product category. The Pricing & Promotion Strategy team continually monitors market prices and trends and implements appropriate adjustments to retail prices for its products and promotions as and when necessary.

4.12.2.4 Supplies Management

The Company's Supplies Management team is responsible for ensuring the following: the provision of tendering services and implementation of strategic partnerships; supporting all departments in the procurement of materials, supplies, equipment and services on the most competitive terms; and ensuring development and updating of the preferred list of suppliers in coordination with the relevant supplier evaluations. The team also ensures effective supplier management and review and generally monitors all situations that could be interpreted as improper or anti-competitive.

4.12.2.5 Marketing & Business Development and Corporate Communications

The responsibilities of the Company's Marketing & Business Development team includes developing the Company's media sales strategy relating to consumer experience. Furthermore, the team handles all official correspondence with the media on behalf of the Company and individual Stores. The team also deals with advertising and marketing campaigns, with a focus on the analysis of the desires of the consumers and their behavior based on areas and regions in order to ascertain consumer preferences. The team also aims to strengthen and promote the brand image and reputation of the Company and its Stores. It achieves this by engaging with all relevant stakeholders, including suppliers and customers, combining various communication channels, including social media (such as Facebook and YouTube).

The Company's Corporate Communications team is responsible for maintaining and developing relationships with local, regional media and global media. This includes all non-paid media opportunities, including media interviews, public relations campaigns and other articles. The team develops various strategic initiatives and communication plans to reach a range of diverse stakeholders groups to support and reach business objectives and manages the Company's LinkedIn social media channels.

The Company outsources its digital marketing and online media function (with the rest of its marketing and media sales undertaken in-house). The Company's aim is to project a high-quality shopping experience commensurate with the in-person consumer experience of shopping in the Company's Stores.

4.12.2.6 Production methods for the Bakery Division

The Company's Bakery division revenues represented 4.9% of the total revenue of the Company in 2019G.

The production methods are focused on recipes of bakery goods, which are decided and implemented at Head Office level. For each new product, a production supervisor drafts a recipe, for which a cost accountant will calculate the cost per batch based on the quantity of raw materials, direct labor and general costs. This draft is then passed on to the inventory controller at the Head Office in order to review the recipe and approve the selling price after applying a margin to the cost. Afterwards, the recipe is forwarded to the production manager who will carry out a material check of the production process at the central bakery and ensure that the process, materials and labor are in line with the calculations. The recipe is then forwarded to the Bakery general manager at the Head Office to approve the recipe and the production method for its implementation in the bakery production facilities.

Each branch of Danube and BinDawood has a Bakery supervisor who uses an integrated ordering system to place orders for Bakery products as per the demand. Such orders are then prepared and distributed to the relevant branches.

4.12.3 Store Operations Department

For details of the Company's Operations Management, see Section 4.9.8 ("**Operations Management of Stores**").

4.12.4 Finance Department

The Finance department's primary responsibilities include: leading the annual budgeting process and ensuring the Company's departments adhere to it over the course of the financial year; managing the evaluation of the Company's financial structure and the identification of funding structures; identifying options and sources of capital and managing the evaluation of financing needs; and structuring the potential sources of financing in coordination with development and delivery. The department plays a significant role in managing the Company's relationship with banks and insurers, negotiating interest rates, financing terms and insurance policies, and in managing all relations with the Company's shareholders.

4.12.5 Human Resources Department

The Company's Human Resources department's primary functions include: creating and implementing strategies that emphasize the integrity of the Company with regards to the management of human resources and administration; establishing policies and procedures for the effective management, development and utilization of the Company's human resources; and administration and overseeing the Company's organization structure and job descriptions. The Human Resources department also oversees the setting and review of the Company's overall grading, salary structure, compensation and benefit framework. The department promotes a culture of performance and enablement that encourages the achievement of individual and business objectives and aims to achieve effective recruitment and development of employees.

4.12.6 Information Technology Department

The Information Technology department handles matters such as the development of required IT systems and applications to serve other departments, Stores and specific project needs, maintaining communication networks across the Company and providing the development of the Company's communication portals. The department is also responsible for managing overall networks and systems operations for the Company, ensuring the Company IT systems deploy a large number of security measures to address online and digital security challenges, such as cybersecurity threats including viruses, worm attacks (such as ransomware) or unwanted publication or loss of confidential data. The Company's IT team only provide the support data (e.g. on product pricing and promotions) if needed to International App Company in respect of the Danube and BinDawood mobile applications.

4.12.7 Legal Affairs

The Legal Affairs Department provides legal advice on the issues and matters referred to it by other departments to ensure the integrity of the Company's business and its decisions from a legal standpoint, as well as to verify their compatibility with applicable law and regulations. This includes preparing and reviewing decisions and contracts.

4.12.8 Internal Audit Department

The Internal Audit Department aims to improve the effectiveness of the Company's risk management, control and governance processes. It is focused on monitoring all operations, including financial and accounting operations, as well as ensuring that they are in compliance with the various policies, procedures and regulations.

4.12.9 Strategy and Public Affairs Department

The tasks entrusted to the Company's Strategy and Public Affairs Department include drafting and following the Company's general public affairs strategies, as well as following up on various performance measures and projects related to achieving strategies and goals, which includes risk management, corporate governance and investor relations, in addition to managing customer experiences.

4.13 Business Continuity

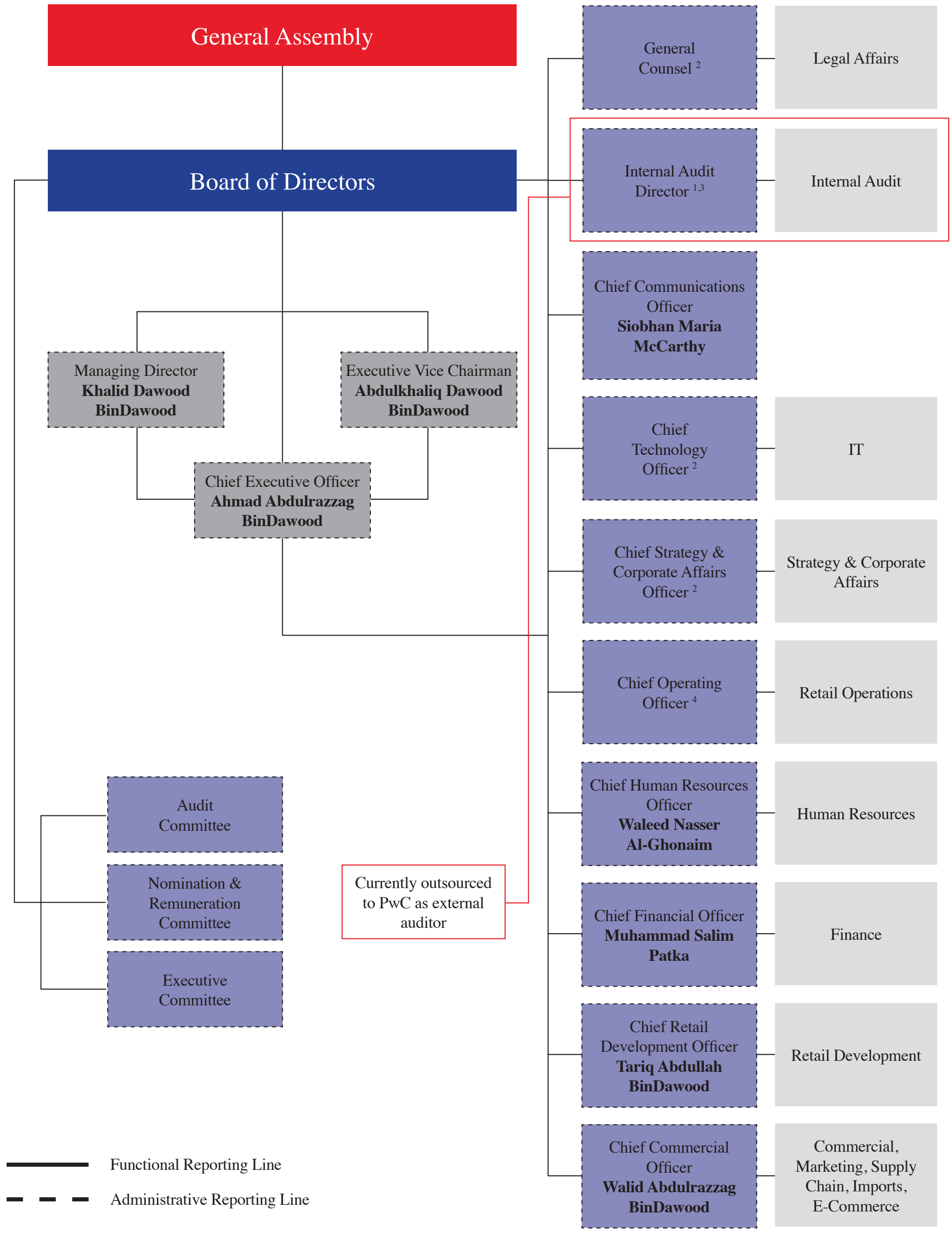
There has been no suspension or interruption in the Company's business or that of its Subsidiaries during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on their financial position and no material change in the nature of its or their business is contemplated.

5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The organizational structure of the Company consists of the Board of Directors ("Board of Directors" or "Board") and the Board committees, namely the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. The Board assumes final responsibility for guidance, general supervision and general control over the Company and the Senior Executives.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus.

Figure (5-1): Company structure chart as at the date of this Prospectus[105]



(1) Internal Audit is reporting administratively to the CEO and functionally to the Board of Directors.
(2) New & Vacant
(3) New & Filled
(4) Vacant

Source: Company information.

105 The appointment of certain employees may be delayed due to the Coronavirus pandemic.

Table (5-1): Direct Ownership in the Company pre and post Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Ownership Percentage	No. of Shares	Par Value (SAR)	Ownership Percentage
Akasiya Star Trading Company Limited	96,543,495	965,434,950	84.465%	77,234,796	772,347,960	67.572%
Abdullah Dawood BinDawood and Sons Company Limited	9,755,505	97,555,050	8.535%	7,804,404	78,044,040	6.828%
Commercial Growth Development Company	8,001,000	80,010,000	7.000%	6,400,800	64,008,000	5.600%
Public	-	-	-	22,860,000	228,600,000	20.000%
Total	**114,300,000**	**1,143,000,000**	**100.000%**	**114,300,000**	**1,143,000,000**	**100.000%**

Source: Company information.

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of nine (9) Directors appointed by the Shareholders Ordinary General Assembly. The Companies' Law, Corporate Governance Regulations, the Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors, including the Chairman, as appointed by the Shareholders, is for a period of five (5) years. Subsequently, the term of the Board of Directors will be of three (3) years.

At the date of this Prospectus, the Board of Directors is comprised of nine (9) Directors.

The following table sets out the names of the Directors as at the date of this Prospectus:

Table (5-2): Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Abdulrazzag Dawood BinDawood	Chairman of the Board	Saudi	Non-Executive	8 May 2017G	-	-	12.780%*	10.224%
2	Abdulkhaliq Dawood BinDawood	Vice Chairman	Saudi	Executive	8 May 2017G	-	-	12.928%**	10.342%
3	Khalid Dawood BinDawood	Managing Director	Saudi	Executive	8 May 2017G	-	-	13.102%***	10.482%
4	Ahmad Abdulrazzag BinDawood	Director	Saudi	Executive	8 May 2017G	-	-	0.116%****	0.093%
5	Tariq Abdullah BinDawood	Director	Saudi	Executive	8 May 2017G	-	-	0.861%*****	0.689%
6	Walid Michel Majdalani	Director	Dutch	Non-Executive	8 May 2017G	-	-	-	-
7	Abdulrahman Albarrak	Director	Saudi	Independent	12 February 2020G	-	-	-	-

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
8	Iyad Mazhar Malas	Director	Lebanese	Independent	12 February 2020G	-	-	-	-
9	Nitin Khanna	Director	Indian	Independent	14 March 2020G	-	-	-	-

Source: Company information.

** Abdulrazzag Dawood BinDawood owns an indirect shareholding of 12.780% before the Offering, consisting of the following: (1) ownership of 86% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (2) ownership of 2% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (3) ownership of 2 % in Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 15% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 86% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 2% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

*** Abdulkhaliq Dawood BinDawood owns an indirect shareholding of 12.928% before the Offering, consisting of the following: (1) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; (2) ownership of 91% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; (3) ownership of 2% In Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 2% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 91% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

**** Khalid Dawood BinDawood owns an indirect shareholding of 13.102% before the Offering, consisting of the following: (1) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited that owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; (2) ownership of 2% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (3) ownership of 92.5 % in Khalid Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (4) ownership of 2%*

in Suleiman Dawood BinDawood and Partners Company Limited, which owns 13.37% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (5) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (6) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (7) ownership of 2% in Hajar Dawood BinDawood and Partners Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (8) ownership of 2% in Ismail Abdul Majid Hussein Trading Company Limited, which owns 8.09% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (9) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 14.15% of the shares of Akasiya Star Trading Company Limited, which in turn owns 84.465% of the Company's Shares; (10) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's shares; (11) ownership of 2% in Ismail BinDawood Sons and Partners Company Limited, which holds 5.722% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (12) ownership of 2% in Asma Dawood BinDawood and Partners Company Limited, which holds 3.682% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (13) ownership of 2% in Ismail Abdul Majed Hussain Trading Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (14) ownership of 92.5% in Khalid Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (15) ownership of 2% in Sarah Dawood BinDawood and Partners Company Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (16) ownership of 2% in Suleiman Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (17) ownership of 2% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; (18) ownership of 2% in Abdulkhaliq Dawood BinDawood and Partners Company Limited, which holds 19.777% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares; and (19) ownership of 2% in Hajar Dawood BinDawood Company and Partners Limited, which holds 3.682% in BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.

***** Ahmad Abdulrazzag BinDawood owns an indirect shareholding of 0.116% before the Offering, consisting of: (1) ownership of 1% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which owns 13.38% of the shares of Akasiya Star Trading Company Limited which in turn owns 84.465% of the Company's Shares; and (2) ownership of 1% in Abdulrazzag Dawood BinDawood and Partners Company Limited, which holds 19.777% of the shares of BinDawood Trading Company Limited, which holds 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which in turn owns 8.535% of the Company's Shares.*

****** Tariq Abdullah BinDawood owns an indirect shareholding of 0.861% before the Offering, consisting of the following: (1) ownership of 10% in Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares; and (2) ownership of 96.5% of Tariq Abdullah BinDawood and Partners Company Limited, which owns 0.442% of the shares of BinDawood Trading Company Limited, which owns 20% of the shares of Abdullah Dawood BinDawood and Sons Company Limited, which owns 8.535% of the Company's Shares.*

The current Secretary of the Board of Directors is Hassan Javaid, who does not hold any Shares in the Company.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board of Directors include the following:

5.1.2.1 Board of Directors

In accordance with the bylaws, the Board of Directors is vested with the fullest powers to govern the company on a day-to-day basis. Under the Company's Corporate Governance Manual, the Board of Directors has the following responsibilities:

- Adopting the strategic aims and main objectives of the Company as well as overseeing their implementation, including:
  - Developing the Company's comprehensive strategy, main business plans and risk management policy.
  - Determining the optimal capital structure of the Company, its strategies and financial objectives, as well as approving annual budgets.
  - Overseeing the Company's capital expenditures and the ownership and disposal of assets.
  - Setting performance objectives and monitoring the Company's overall performance.
  - Periodically reviewing and adopting the Company's organizational and human resource structures.
- Developing and overseeing internal control systems and regulations:
  - Developing a written policy to regulate conflicts of interest and address possible conflicts of interest by directors, executive management and shareholders, including misuse of Company assets and facilities, and misconduct resulting from transactions with related parties.
  - Ensuring the integrity of the financial and accounting systems used, including relevant financial reporting systems.

- Ensuring that appropriate risk management systems are in place by identifying the overall risks that the Company may face and transparently presenting such risks.
- Annually reviewing the effectiveness of the Company's internal control procedures.
- Prepare and approve the Company's Authority Matrix.

- Establishing and adopting clear and specific policies and criteria for Board membership subject to General Assembly approval, provided that these policies and criteria do not contravene the instructions issued by the relevant authorities in this regard.

- Developing a written policy governing the relationship with stakeholders in order to protect and preserve their rights, covering the following:
  - The mechanisms for compensating stakeholders when their rights are violated, as recognized by regulations and protected under contracts.
  - The mechanisms for resolving complaints or disputes that may arise between the Company and stakeholders.
  - The appropriate mechanisms to establish good relations with customers and suppliers, and maintain confidentiality of their information.
  - The rules of professional conduct for Company managers and employees in compliance with professional and ethical standards which shall regulate the relationship between them and stakeholders, provided that the Board of Directors sets up mechanisms to monitor the implementation of and adherence to such rules.
  - The Company's corporate social responsibility.

- Developing policies and procedures to ensure that the Company complies with laws and regulations, while remaining committed to disclosing material information to the shareholders, reflecting the following principles:
  - Ultimate responsibility for the Company remains vested in the Board even if it has formed committees or delegated responsibilities to other parties or individuals. The Board shall avoid issuing general or indefinite authorities.
  - The Board must perform its duties with good faith, diligence and care. The Board decisions shall be based on adequate information received from the executive management or any other reliable source such as consultants and experts.
  - Board members represent all shareholders, and must commit themselves to upholding the Company's interest in general and not the interests of the companies that they represent or that voted to appoint to the Board of Directors.

- Responsibilities of the Board towards subsidiaries or affiliates (if any), including:
  - Setting financial targets.
  - Overseeing financial performance.
  - Approving main investments as mandated by the Board's internal policies.
  - Evaluating the performance of the boards and board members of subsidiaries or affiliates.
  - The Company's Board of Directors shall retain its responsibilities towards subsidiaries or affiliates in respect of all material decisions that have legal or financial repercussions on the Company. Towards that end, the Board of Directors shall develop a specific internal policy defining the respective powers of the Company's Board and those of its subsidiary boards, as well as the mechanism to follow-up and submit the latter to management. Said mechanisms include amending the articles of association of subsidiaries or affiliates, approve budgets and financial statements, and approve the distribution of profits and other such decisions.

5.1.2.2 Chairman of the Board

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

In accordance with the Bylaws, the Chairman is granted extensive powers of representation before various governmental authorities. Under the Corporate Governance Regulations, the Chairman's main responsibilities include:

- Ensuring that the Board members obtain complete, clear, accurate and non- misleading information in due course;
- Ensuring that the Board effectively discusses all fundamental issues in due course;
- Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulations and the Bylaws;
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- Encouraging constructive relationships and effective participation between the Board and the Senior Executives on the one hand, and the Directors on the other hand, and creating a culture that encourages constructive criticism;
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Managing Director upon preparing the Board's agenda; and
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
- Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest.

Other responsibilities of the Chairman include being the Board's official spokesman. In addition thereto, the Chairman is considered to be the principal link between management and the Board.

Among the Chairman's other responsibilities is the management of annual General Assembly meetings and playing the preeminent role in the Company's relationship with stakeholders.

5.1.2.3 Vice Chairman of the Board

The responsibilities of the Vice Chairman of the Board of Directors include directing management and reviewing important decisions prior to submitting them to the Board of Directors. The Vice Chairman of the Board is granted extensive powers of representation before various governmental authorities.

5.1.2.4 Managing Director

The Company has a Managing Director representing shareholders in overseeing the day-to-day activities of the Company, directing management and reviewing important decisions prior to submitting them to the Board of Directors. In accordance with the Bylaws, the Managing Director is granted extensive powers of representation before various governmental authorities. Under the Company's Corporate Governance Manual, the Managing Director's main responsibilities include:

- implementing the Company's internal policies and rules approved by the Board;
- implementing internal control systems and procedures, and generally overseeing them, which include:

- implementing the Company's Corporate Governance rules effectively, and proposing amendments thereto if needed;
- implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and stakeholders;
- providing the Board with the information required to exercise its competencies;
- proposing the policy and types of remunerations granted to employees;
- preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board;
- managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company;
- participating effectively in building and developing a culture of ethical values within the Company;
- implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board;
- proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels;
- proposing a clear policy to delegate tasks to the Senior Executives and the method for implementing such policy; and
- proposing the powers to be delegated to the Senior Executives, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

5.1.2.5 Secretary

The Secretary is responsible for organizing Board meetings. Under the Company's Corporate Governance Manual, the Secretary's main responsibilities include:

- documenting the Board meetings and preparing minutes therefor;
- retaining the reports submitted to the Board and the reports prepared by it;
- providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member;
- ensuring that the Board members comply with the procedures approved by the Board;
- notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company; and
- providing assistance and advice to the Board members.

5.1.2.6 Chief Executive Officer

The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. The Chief Executive Officer directly reports to the Company's Managing Director, and acts as a liaison between the Managing Director and the Management of the Company.

5.1.3 Biographies of the Members and Secretary of the Board

An overview of the experiences, qualifications, as well as current and previous positions of each of the Directors and the Secretary of the Board of Directors.

5.1.3.1 Abdulrazzag Dawood BinDawood

Age:	63 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors
Appointment Date:	8 May 2017G
Academic Qualifications:	• Bachelor's degree in engineering from King Fahd University of Petroleum and Minerals, Dhahran, in 1983G. • Honorary Doctorate of Economics from the European University of Benelux, Belgium, in 2014G.
Current Executive Positions:	• Since 2001G, executive chairman of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, executive chairman of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, executive chairman of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors. • Since 2011G, executive chairman of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive chairman of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive chairman of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2015G, executive chairman of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors.

Current Executive Positions: (Continued)	• Since 2015G, executive chairman of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive chairman of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, executive chairman of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, executive chairman of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector.
Other Current Memberships:	• Since 2000G, chairman of the board of BinDawood Superstores Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2001G, chairman of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2001G, chairman of the board of Danube Company for Foodstuff and Commodities, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, chairman of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, chairman of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors. • Since 2011G, chairman of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2011G, chairman of the board of Safa Company for Household Ware, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2014G, chairman of the board of Jumairah Marketing Establishment, a closed joint stock company established in the Arab Republic of Egypt, and operating in the marketing sector. • Since 2014G, chairman of the board of International Application Trading Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the technology sector. • Since 2014G, chairman of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector.

Other Current Memberships: (Continued)	• Since 2014G, chairman of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2015G, chairman of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, chairman of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, chairman of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, chairman of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector. • Since 2017G, chairman of the board of Danube Flower for Recruitment, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the service sector.

5.1.3.2 Abdulkhaliq Dawood BinDawood

Age:	59 years
Nationality:	Saudi
Current Position:	Vice-Chairman of the Board of Directors
Appointment Date:	8 May 2017G
Academic Qualifications:	Bachelor's degree in physics from Umm Al-Qura University, Makkah, in 1985G.
Current Executive Positions:	• Since 1991G, executive chairman of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, executive member of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, executive member of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors. • Since 2011G, executive member of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive member of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive member of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2015G, executive member of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors.

Current Executive Positions: (Continued)	• Since 2015G, executive member of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, executive member of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, executive member of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector.
Other Current Memberships:	• Since 1991G, member of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 1992G, member of the board of Danube Company for Foodstuff and Commodities, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2000G, member of the board of BinDawood Superstores Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, member of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, member of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors. • Since 2011G, member of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2011G, member of the board of Safa Company for Household Ware, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2014G, member of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, member of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2015G, member of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors.

Other Current Memberships: (Continued)	• Since 2015G, member of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, member of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, member of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector. • Since 2016G, member of the board of AlMashaaer Path Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2017G, Vice Chairman of the Board of Danube Flower for Recruitment, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the service sector.

5.1.3.3 Khalid Dawood BinDawood

Age:	54 years
Nationality:	Saudi
Current Position:	Managing Director
Appointment Date:	8 May 2017G
Academic Qualifications:	High school degree from Al Dammam School, Al Dammam, in 1985G.
Current Executive Positions:	• Since 2001G, executive member of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, executive member of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, executive member of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors. • Since 2011G, executive member of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive member of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, executive member of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2015G, executive member of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors.

Current Executive Positions: (Continued)	• Since 2015G, executive member of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, executive member of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, executive member of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, executive member of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector. • Since 2017G, Managing Director of the Board of Danube Flower for Recruitment, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the service sector. • Since 2017G, Chief Executive Officer in Danube Flower for Recruitment.
Other Current Memberships:	• Since 2000G, member of the board of BinDawood Superstores Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2001G, member of the board of Danube Star for Bakeries and Marketing, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2001G, member of the board of Danube Company for Foodstuff and Commodities, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the food sector. • Since 2008G, member of the board of Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2010G, member of the board of BinDawood Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate and food sectors.

Other Current Memberships: (Continued)	• Since 2011G, member of the board of National Leader For Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2011G, member of the board of Safa Company for Household Ware, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2014G, member of the board of Amwaj Real Estate Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2014G, member of the board of AlQimma Hotels Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate. • Since 2014G, member of the board of International Application Trading Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the technology sector. • Since 2014G, member of the board of Jumairah Marketing Establishment, a closed joint stock company established in the Arab Republic of Egypt, and operating in the marketing sector. • Since 2015G, member of the board of Abdulrazzag Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Suleiman Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Sarah Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Khalid Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Ismail Abdul Majed Hussain Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Asma Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Hajar Dawood BinDawood Company and Partners Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Abdulkhaliq Dawood BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Ismail BinDawood Sons and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board of Akasiya Star Trading Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2016G, member of the board of Future Field for Real Estate Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2016G, member of the board of Builders Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the industrial sector.

5.1.3.4 Ahmad Abdulrazzag BinDawood

Age:	36 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	8 May 2017G
Academic Qualifications:	Bachelor's degree in international business administration from King Abdulaziz University, the Kingdom of Saudi Arabia, in 2006G.
Current Executive Positions:	• Since 2014G, chief executive officer at Danube Company for Foodstuffs and Commodities, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2018G, chief executive officer at BinDawood Superstores Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2018G, chief executive officer at BinDawood Holding Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the retail sector.
Other Current Memberships:	• Since 2014G, member of the board of Red Sea Mall Company, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2017G, member of the board of International Application Trading Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the technology sector.
Previous Executive Position	• From 2006G to 2008G, assistant purchasing manager at Danube Company for Foodstuffs and Commodities. • From 2009G to 2010G, deputy operations manager at Danube Company for Foodstuffs and Commodities. • From 2010G to 2011G, business development manager at Danube Company for Foodstuffs and Commodities. • From 2011G to 2014G, deputy chief executive officer at Danube Company for Foodstuffs and Commodities.

5.1.3.5 Tariq Abdullah BinDawood

Age:	48 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	8 May 2017G
Academic Qualifications:	Middle school degree from AlAsimah School, Makkah, the Kingdom of Saudi Arabia in 1989G.
Current Executive Positions:	• Since 2015G, chief development officer at BinDawood Holding Company, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since 2011G, projects and development manager at BinDawood Holding Company.
Previous Executive Positions:	• From 1992G to 1997G, operations manager at the BinDawood Marketing Center Establishment. • From 1997G to 2000G, regional operations manager at the BinDawood Marketing Center Establishment. • From 2001G to 2005G, regional operations manager at the BinDawood Marketing Center Establishment. • From 2005G to 2011G, chief of operations at BinDawood Superstores Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector.

Other Current Memberships:	• Since 2011G, member of the board at Abdullah Dawood BinDawood and Sons Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2015G, member of the board at Tariq Abdullah BinDawood and Partners Company Limited, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the commercial and food sectors. • Since 2017G, member of the board of Danube Flower for Recruitment, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the service sector.

5.1.3.6 Walid Michel Majdalani

Age:	48 years
Nationality:	Dutch
Current Position:	Member of the Board of Directors
Appointment Date:	8 May 2017G
Academic Qualifications:	• Bachelor's degree in information management systems from the University of Texas, the United States of America, in 1992G. • Master's degree in business administration from Harvard University, the United States of America, in 1998G.
Current Executive Positions:	Since 2018G, head of private equity MENA at Investcorp Financial Services, a joint stock company established in the Kingdom of Bahrain, and operating in the financial sector.
Other Current Memberships:	• Since 2012G, member of the nomination and remuneration committee and member of the board at Automak Automotive Company K.S.C.C, a joint stock company established in Kuwait, and operating in the car rental and leasing sector. • Since 2015G, member of the nomination and remuneration committee and member of the board at NDT and Corrosion Control Services Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the specialized services sector. • Since 2017G, member of the board at Investcorp Saudi Arabia Financial Investments Co., a joint stock company established in Saudi Arabia, and operating in the financial sector. • Since 2019G, member of the board at Al Yusr Industrial Contracting Company and its Subsidiaries, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the technical services sector. • Since 2019G, member of the board of Orka Holding A.S., a joint stock company established in Turkey, operating in the design and retail sector. • Since 2020G, member of the board of Hydrasun Group Holdings Ltd, a limited liability company incorporated in the United Kingdom, operating in the oil and gas sector. • Since 2020G, member of the board of Hydrasun Group Equipment Ltd, a limited liability company incorporated in the United Kingdom, operating in the oil and gas sector.
Previous Executive Positions:	• From 1998G to 2007G, assets and investment manager at ABN Amro Bank N.V, a public limited company established in the Netherlands, and operating in the banking sector. • From 1992G to 1996G, United Arab Emirates regional manager at Oracle Systems Limited, a limited liability company established in the United States of America, and operating in the information technology sector. • From 2007G to 2010G, Principal at Investcorp Bank B.S.C, a joint stock company established in the Kingdom of Bahrain, and operating in the financial sector. • From 2010G to 2018G, Managing Director at Investcorp Bank B.S.C.
Previous Memberships	• From 2013G to 2020G, member of the nomination and remuneration committee and member of the board at Theeb Rent A Car Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the car rental and leasing sector.

5.1.3.7 Abdulrahman Mohammed AlBarrak

Age:	44 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	12 February 2020G
Academic Qualifications:	• Bachelor's degree in accounting from King Faisal University, the Kingdom of Saudi Arabia, in 1997G. • Master's degree in finance from the University of Colorado, the United States of America, in 2001G. • Doctorate in finance from Newcastle University, the United Kingdom, in 2005G.
Current Executive Positions:	• Since 2018G, president at Thara Administrative Consulting Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the administrative consulting sector.
Other Current Memberships:	• Since 2017G, member of the audit committee at Etihad Etisalat Company "Mobily", a public joint stock company established in the Kingdom of Saudi Arabia, and operating in the telecommunications sector. • Since 2017G, member of the board and Chairman of the Audit Committee at Alandalus Property Company, a public joint stock company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • Since 2018G, chairman of the Audit Committee at ELM for Information Security Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the information technology sector. • Since 2018G, chairman of the Audit Committee at the Saudi Shipping Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the shipping sector. • Since 2018G, member of the Audit Committee at National Commercial Bank, a public joint stock company established in the Kingdom of Saudi Arabia, and operating in the banking sector. • Since 2020G, member of the board and Chairman of the Audit Committee at BinDawood Holding Company, a joint stock company established in the Kingdom of Saudi Arabia, operating in the retail sector.
Previous Executive Positions:	• In 2017G, vice-chairman of the Capital Market Authority board, a governmental entity, which oversees the organization and development of the financial market and issues the regulations, rules and instruction necessary to implement the provisions of the Capital Market Law. • From 2009G to 2017G, member of the Capital Market Authority board. • From 1997G to 2009G, associate professor, dean and head of the finance department at King Faisal University, a governmental university.
Other Previous Memberships:	• From 2013G to 2017G, member of the board at the Saudi Organization for Certified Public Accountants, a professional Saudi organization operating under the supervision of the Ministry of Commerce. • From 2018G to 2019G, Chairman of the Board at The Mediterranean and Gulf Insurance and Reinsurance Company, a public joint stock company established in the Kingdom of Saudi Arabia, and operating in the insurance sector.

5.1.3.8 Iyad Mazhar Malas

Age:	55 years
Nationality:	Lebanese
Current Position:	Member of the Board of Directors
Appointment Date:	12 February 2020G
Academic Qualifications:	• Bachelor's degree in business administration from the American University of Beirut, Lebanon, in 1985G. • Master's degree in international business administration from the George Washington University, the United States of America, in 1987G. • Chartered financial analyst from the Institute of Chartered Financial Analysts, Charlottesville, Virginia Association for Investment Management and Research, the United States of America, in 1991G.
Previous Executive Positions:	• From 1986G to 1987G, research assistant at George Washington University, a private university established in the United States of America. • From 1987G to 1989G, market analyst at the International Finance Corporation - Washington, a member of the World Bank Group established in the United States of America, and operating in the financial services sector. • From 1989G to 1992G, investment officer at the International Finance Corporation - Washington. • From 1992G to 1993G, senior investment officer at the International Finance Corporation - Washington. • From 1993G to 1995G, manager at the International Finance Corporation - Washington. • From 1995G to 2000G, regional financial markets manager at the International Finance Corporation - Washington. • From 2000G to 2001G, chief executive officer at Fleming CIIC, a limited liability company, established in the Arab Republic of Egypt, and operating in the banking sector. • From 2002G to 2004G, chief executive officer at EFG-Hermes, a limited liability company, established in the Arab Republic of Egypt, and operating in the financial sector. • From 2004G to 2007G, regional director at the International Finance Corporation - India. • From 2007G to 2008G, chief executive officer at Majid Al Futtaim Trust, a limited liability company established in the United Arab Emirates, and operating in the investment sector. • From 2009G to 2015G, chief executive officer at Majid Al Futtaim Holding Company, a limited liability company established in the United Arab Emirates, and operating in the investment sector. • From 2015G to 2020G, partner and senior executive officer at gateway partners, a limited liability company established in the United Arab Emirates, and operating in the investment sector.
Current Advisory Positions:	• Since 2015G, advisor to the board of directors at ASGC, a joint stock company established in the United Arab Emirates, and operating in the construction sector. • Since 2018G, advisor to the board of Sawari Ventures, an investment fund established in the Arab Republic of Egypt, and operating in the financial sector. • Since 2020G, advisor to the board of Gulf Capital, an investment fund, established in the United Arab Emirates, and operating in the financial sector, and its subsidiaries. • Since 2020G, advisor to Gateway Partners.

Current Memberships:	• Since 2018G, member of the board of managers at Beco VC Fund, a limited liability company established in the the Cayman Islands, and operating in the financial sector. • Since 2020G, member of the board of managers at Egy Caffé Company, a limited liability company established in the United Arab Emirates, and operating in the restaurant and café sectors. • Since 2020G, member of the board of managers at Mithaq Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the investment sector. • Since 2020G, member of the board of managers at Fetchr Company, a limited liability company established in the United Arab Emirates, and operating in the logistics sector. • Since 2020G, member of the board of directors at AlOlayan Saudi Holding Company, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the investment sector.
Previous Memberships:	• From 2007G to 2015G, member of the board of managers at Majid Al Futtaim Holding Company, and the companies in which it invests. • From 2008G to 2018G, member of the board of directors at Infinity Invest Company, a limited liability company established in Turkey, and operating in the investment sector. • From 1992G to 2007G, representative of the board of the International Finance Corporation before several companies in which it invests. • From 2000G to 2004G, representative of the board of EFG-Hermes-KSA Company before several of its subsidiaries. • From 2015G to 2019G, advisor to the board of managers of Rafal for Real Estate Development Company, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the real estate sector. • From 2015G to 2020G, member of the board of managers at Falcon Group Company, a limited liability company established in the United Arab Emirates, and operating in the financial services sector. • From 2015G to 2020G, member of the board of directors at ABC Company, a closed joint stock company established in Lebanon, and operating in the retail sector.

5.1.3.9 Nitin Khanna

Age:	65 years
Nationality:	Indian
Current Position:	Member of the Board of Directors
Appointment Date:	14 March 2020G
Academic Qualifications:	• Bachelor's degree in economics from Delhi University, India, in 1974G. • Chartered Accountant, from the Institute of Chartered Accountants of India, in India, in 1979G.
Current Consultancy Positions:	• Since 2019G, advisor to several subsidiaries of Transmed Holdings SA, a société anonyme established in the Marshall Islands and operating in the fast-moving consumer goods sector. • Since 2019G, senior advisor to several subsidiaries of PNCI LLC, a limited liability company established in the United Arab Emirates and operating in the real estate sector. • Since 2020G, senior advisor to Nucleus Consultancy FZC LLC, a limited liability company, established in the United Arab Emirates, and operating in the advisory sector. • Since 2020G, a special project director to Laqshya Media Ltd, a limited liability company, established in India, and operating in the outdoor media sector.

Previous Executive Positions:	• From 1979G to 1981G, semi senior at Whinney Murray - Bahrain (now known as Ernst & Young), an international company operating in the professional services sector. • From 1981G to 1988G, worked as assistant manager and manager in the audit line of service at PricewaterhouseCoopers - Qatar Branch, a limited liability partnership, established in the United Kingdom and operating in the professional services sector. • From 1988G to 2003G, worked as senior Manager and director in the Audit and Deals Advisory lines of services at PricewaterhouseCoopers - Dubai Branch. • From 2003G to 2019G, partner at PricewaterhouseCoopers - Dubai Branch. • From 2004G to 2015G, member of the Middle East Leadership Team of PricewaterhouseCoopers - the Middle East Region. • From 2005G to 2008G, regional head of risk and quality at PricewaterhouseCoopers - the Middle East Region. • From 2008G to 2014G, regional transaction services leader at PricewaterhouseCoopers - the Middle East Region. • From 2014G to 2018G, regional corporate finance leader at PricewaterhouseCoopers - the Middle East Region. • From 2014G to 2019G, member of the Deals Leadership Team of PricewaterhouseCoopers - the Middle East Region. • From 2019G to 2020G, consultant at PricewaterhouseCoopers - Dubai Branch.

5.1.3.10 Hassan Javaid

Age:	36 years
Nationality:	Pakistani
Current Position:	Secretary of the Board of Directors
Appointment Date:	April 2016G
Academic Qualifications:	• Bachelor's degree in economics from Punjab University, Pakistan, in 2006G. • Chartered Accountant, from the Institute of Chartered Accountants of Pakistan, Pakistan, in 2013G. • Certified Internal Control Auditor, from the Institute of Internal Control Auditor in the United States of America, in 2017G. • Chartered Accountant, from the Institute of Chartered Accountants of England and Wales, in the United Kingdom, in 2019G.
Current Executive Positions:	Since 2019G, finance director at BinDawood Holding Company, a closed joint stock company established in the Kingdom of Saudi Arabia, and operating in the retail sector.
Previous Executive Positions:	• From 2006G to 2011G, Audit Supervisor, at KPMG Pakistan, a partnership established in Pakistan, and operating in the audit and accounting sector. • From 2011G to 2012G, Deputy Manager - Internal Audit, at City School Limited, a limited liability company established in Pakistan, and operating in the education sector. • From 2012G to 2014G, Assistant Manager - Internal Audit, at DESCON Engineering Limited, a limited liability company established in Pakistan, and operating in the engineering sector. • From 2014G to 2015G, Senior Finance Manager, at BinDawood Superstores Company, a limited liability company, established in the Kingdom of Saudi Arabia and operating in the retail sector. • From 2015G to 2019G, Senior Finance Manager, at BinDawood Holding Company.

5.2 Board Committees

The Board of Directors has established the Committees to improve the management of the Company. Each Committee is required to adopt a charter, which sets out its role, powers and responsibilities and conduct meetings for the purpose of discharging its duties.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board membership. The Committee is also responsible for assisting the Board in establishing a proper governance system and drafting the necessary policies and procedures. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Identifying qualified candidates and nominating them to the Board of Directors.
- Conducting an annual review of Board membership requirements, which shall include the candidates'' capabilities, experience and availability to fulfil their Board responsibilities.
- Reviewing the structure of the Board and proposing required changes thereto beneficial to the Company's interests.
- Determining the strengths and weaknesses of the Board and proposing required changes thereto beneficial to the Company's interests.
- Nominating candidates for the positions of Chief Executive Officer and Managing Director, as well as nominating Committee members for approval by the Board of Directors or the General Assembly.
- Reviewing the approval policies and procedures for Board membership prior to their adoption through the General Assembly.
- Monitoring the independence of independent Board members and monitoring any conflicts of interest on an annual basis.
- Reviewing the preparatory materials and training courses destined to new Board members.
- Establishing clear policies regarding the remuneration of managers and senior executives.
- Reviewing and proposing plans for the assumption of key executive functions.
- Reviewing and approving the Company's overall structure of rewards and privileges, which includes employment grades, structure of wages and privileges, as well as rewards and incentives associated with performance.
- Approving changes to the remuneration of the Chief Executive Officer and recommending changes to the remuneration of the Managing Directors, the Directors and members of the various Board Committees.
- Approving extraordinary remuneration (signing or performance bonuses) for the Chief Executive Officer and senior executives.

The Nomination and Remuneration Committee shall consist of at least three (3) members appointed by the Company's Board of Directors for a period of three (3) years.

Subject to the requirements that must be met by members of the Nomination and Remuneration Committee, the Board of Directors shall appoint the members of the Committee for a period of three years. The Board shall take the necessary measures to enable the Nomination and Remuneration Committee to carry out its functions, including informing the Nomination and Remuneration Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Nomination and Remuneration Committee deems necessary.

The following members were appointed to the Nomination and Remuneration Committee during the Board of Directors' meeting on 21/08/1441H (corresponding to 14/04/2020G):

Table (5-3): Nomination and Remuneration Committee Members

	Name	Title
1	Iyad Mazhar Malas	Chairman
2	Abdulrazzag Dawood BinDawood	Member
3	Thamer Saeed AlThubaiti	Member

Source: Company information.

**Members shall be appointed prior to the Offering*

The following is a brief overview of the members of Nomination and Remuneration Committee:

5.2.1.1 Iyad Mazhar Malas

Please refer to Iyad Mazhar Malas' overview under Section 5.1.3.8.

5.2.1.2 Abdulrazzag Dawood BinDawood

Please refer to Abdulrazzag Dawood BinDawood's overview under Section 5.1.3.1.

5.2.1.3 Thamer Saeed AlThubaiti

Age:	33 years
Nationality:	Saudi
Current Position:	Member of the Nomination and Remuneration Committee and the Audit Committee
Appointment Date:	A member of Nomination and Remuneration Committee since 14/04/2020G; a member of the Audit Committee since 21/04/2020G.
Academic Qualifications:	Bachelor's degree in law from King Abdulaziz University, the Kingdom of Saudi Arabia, in 2009G.
Current Executive Positions:	• Since 2015G, founder and partner at Thamer AlThubaiti and Dhafer AlSubaei for Law and Legal Advisory Company, a professional unlimited liability company established in the Kingdom of Saudi Arabia, and operating in the advisory sector. • Since 2013G, vice president at Saeed AlThubaiti for Jewellery Establishment and its branches, an individual establishment established in the Kingdom of Saudi Arabia, and operating in the retail sector.
Previous Executive Positions:	• From 2009G to 2012G, legal advisor at AlSheikh Abdullah AlMusleh Legal Group, a professional unlimited liability company established in the Kingdom of Saudi Arabia, and operating in the advisory sector.
Previous Memberships:	• Member of the Gold and Jewelry Committee at the Jeddah Chamber of Commerce, a non-profit committee operating under the supervision of the Ministry of Commerce, representing among its purviews the governmental bodies' commercial and industrial interests, in the Chamber of Commerce's twentieth session. • Member of the Friends of the Saudi Red Crescent Authority Committee at the Jeddah Chamber of Commerce, a non-profit committee operating under the supervision of the Ministry of Commerce, representing among its purviews raising awareness regarding the first aid culture, in the Chamber of Commerce's twentieth session.

5.2.2 Audit Committee

The implementation of an effective internal control system is one of the responsibilities assigned to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for reviewing risk management policies, the annual risk report and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the Capital Market Authority and the Company's Corporate Governance Manual and Policy. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Examining and reviewing the Company's internal and financial control systems and risk management system.
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- Providing a recommendation to the Board on appointing the Head of Internal Audit Department, or the internal auditor and suggest his/her remunerations.
- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- Responding to queries of the Company's external auditor.
- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.
- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.

- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

The Audit Committee consists of three (3) members appointed by the Ordinary General Assembly for a period of three (3) years. At least one member of the Audit Committee shall be an Independent Director (the Chairman of the Audit Committee shall be an independent Director and no Executive Director shall be among its members. At least one of the Audit Committee's members shall be specialized in finance and accounting.

Subject to the requirements that must be met by members of the Audit Committee, the Ordinary General Assembly shall appoint the members of the Audit Committee for a period of three years. The Board shall take the necessary measures to enable the Audit Committee to carry out its functions, including informing the Audit Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Audit Committee deems necessary.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 29/08/1441H (corresponding to 21/04/2020G):

Table (5-4): Audit Committee Members

	Name	Title
1	Abdulrahman Mohammed AlBarrak	Chairman
2	Walid Michel Majdalani	Member
3	Thamer Saeed AlThubaiti	Member

Source: Company information.

The following is a brief overview of the members of the Audit Committee:

5.2.2.1 Abdulrahman Mohammed AlBarrak

Please refer to Abdulrahman Mohammed AlBarrak's overview under Section 5.1.3.7.

5.2.2.2 Walid Michel Majdalani

Please refer to Walid Michel Majdalani's overview under Section 5.1.3.6.

5.2.2.3 Thamer Saeed AlThubaiti

Please refer to Thamer Saeed AlThubaiti's overview under Section 5.2.1.3.

5.2.3 Executive Committee

The main task of the Executive Committee is to review the policies and strategic goals of the Company and monitor their implementation. The Executive Committee is also responsible for reviewing periodically the strategic plans and operational objectives of the Company and its subsidiaries to ensure their conformity with the Company's objectives. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Supervise the Managing Directors and the CEO in relation to the Company's day-to-day operations.
- Review the Company's strategic planning processes and procedures in coordination with the CEO.
- Ensure completion of the strategic plans to achieve the Company's overall objectives.
- Assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
- Review investments, acquisitions and / or review submittal of binding bids in relation to any project, and / or review further changes or revisions in such investment or bids submitted or to

be submitted by the Company, before submitting them to the Board, and confirm all requisite authority to the Senior Executives to complete documentation to submit the respective offers or tenders and thereafter to conclude all agreements and contracts.

- Review the CEO recommendation in relation to the Company's strategy, operations and strategic plan.
- Review and recommend for approval to the Board of Directors operating plans, capital expenditure plans and other studies or plans that will have a significant impact upon the operations of the Company;
- Regularly review the strategic plans and operational objectives of the Company to ensure their compliance with the Company's objectives.
- Review and recommend for approval to the Board of Directors the strategic goals proposed by the Management which identifies various investments, acquisitions and bid opportunities;
- Review and recommend for approval to the Board of Directors potential locations for new Stores and assess the progress of expected new Stores.
- Review and recommend to the Board of Directors any amendments to existing or any new corporate investment principles or guidelines of a general nature proposed by the Management; and
- Review, approve the annual budget and recommend the same for approval by the Board of Directors.

The Executive Committee consists of four (4) members appointed by the Board of Directors for a period of three (3) years.

The Board shall take the necessary measures to enable the Executive Committee to carry out its functions, including informing the Executive Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Executive Committee deems necessary.

The following members of the Executive Committee were appointed during the Board of Directors' meeting on 15/04/1441H (corresponding to 12/12/2019G):

Table (5-5): Executive Committee Members

	Name	Title
1	Abdulrazzag Dawood BinDawood	Chairman
2	Abdulkhaliq Dawood BinDawood	Member
3	Khalid Dawood BinDawood	Member
4	Ahmad Abdulrazzag BinDawood	Member

Source: Company information.

The following is a brief overview of the members of the Executive Committee:

5.2.3.1 Abdulrazzag Dawood BinDawood

Please refer to Abdulrazzag Dawood BinDawood's overview under Section 5.1.3.1.

5.2.3.2 Abdulkhaliq Dawood BinDawood

Please refer to Abdulkhaliq Dawood BinDawood's overview under Section 5.1.3.2.

5.2.3.3 Khalid Dawood BinDawood

Please refer to Khalid Dawood BinDawood's overview under Section 5.1.3.3.

5.2.3.4 Ahmad Abdulrazzag BinDawood

Please refer to Ahmad Abdulrazzag BinDawood's overview under Section 5.1.3.4.

5.3 Senior Management

5.3.1 Overview of Senior Management

The Company's senior management is comprised of qualified Saudi and non-Saudi members with significant retail expertise. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and shareholders.

The senior management team currently consists of eight (8) members, as set out in the table below:

Table (5-6): Senior Management Details

Name	Position	Date of Appointment of Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership	
							Pre-Offering	Post-Offering
Abdulkhaliq BinDawood	Executive Vice Chairman	8 May 2017G	Saudi	59		-	12.928%	10.342%
Khalid Dawood BinDawood	Managing Director	8 May 2017G	Saudi	54	-	-	13.102%	10.482%
Ahmad Abdulrazzag BinDawood	Chief Executive Officer	13 December 2015G	Saudi	36	-	-	0.116%	0.093%
Tariq Abdullah BinDawood	Chief Development Officer	13 December 2015G	Saudi	48	-	-	0.861%	0.689%
Muhammad Salim Patka	Chief Financial Officer	13 December 2015G	Pakistani	65	-	-	-	-
Walid Abdulrazzag BinDawood	Chief Commercial Officer	13 December 2015G	Saudi	32	-	-	0.116%	0.093%
Waleed Nasser Al-Ghonaim	Chief Human Resources Officer	21 July 2019G	Saudi	38	-	-	-	-
Siobhan McCarthy	Chief Communications Officer	22 March 2020G	Irish	40	-	-	-	-
Vacant*	Chief Operating Officer	-	-	-	-	-	-	-
Vacant*	Chief Technology Officer	-	-	-	-	-	-	-
Vacant*	General Counsel	-	-	-	-	-	-	-
Outsourced to PwC	Internal Audit Director	2 February 2020G	-	-	-	-	-	-
Vacant*	Chief Strategy & Corporate Affairs Officer	-	-	-	-	-	-	-

**Vacant position as at the date of this Prospectus.*

Source: Company information.

5.3.2 Biographies of Senior Executives

The experiences, qualifications and current and previous positions of each Senior Executive are set out below:

5.3.2.1 Abdulkhaliq Dawood BinDawood

Please refer to Abdulkhaliq Dawood BinDawood's overview under Section 5.1.3.2.

5.3.2.2 Khalid Dawood BinDawood

Please refer to Khalid Dawood BinDawood's overview under Section 5.1.3.3.

5.3.2.3 Ahmad Abdulrazzag BinDawood

Please refer to Ahmad Abdulrazzag BinDawood's overview under Section 5.1.3.4.

5.3.2.4 Tariq Abdullah BinDawood

Please refer to Tariq Abdullah BinDawood's overview under Section 5.1.3.5.

5.3.2.5 Muhammad Salim Patka

Age:	65 years
Nationality:	Pakistani
Current Position:	Chief Financial Officer
Date of Appointment:	13 December 2015G
Academic Qualifications:	• Bachelor's degree in business administration from the University of Karachi, Pakistan, in 1975G. • Chartered Accountant from the Institute of Chartered Accountants of Pakistan, Pakistan, in 1983G.
Past Executive Positions:	• From 1976G to 1977G, audit clerk at Ford Rhodes Robson Morrow, a private limited company established in Pakistan, and operating in the audit and financial advisory services sector. • From 1978G to 1983G, senior audit clerk at Price Waterhouse Coopers Pakistan, a limited partnership established in Pakistan, and operating in the audit and financial advisory services sector. • From 1983G to 1985G, senior finance officer at Hoechst Pakistan Limited, a limited liability company established in Pakistan, and operating in the pharmaceuticals and chemicals sector. • From 1986G to 1993G, assistant finance manager at Hoechst Pakistan Limited. • From 1993G to 1995G, financial controller at Uclaf Environmental Health, a limited liability company established in France, and operating in the pharmaceutical sector. • From 1994G to 1995G, finance manager at Hoechst Pakistan Limited. • From 1995G to 1996G, divisional finance manager at Hoechst Pakistan Limited. • From 1996G to 1997G, chief financial officer and company secretary at AgrEvo Pakistan, a private limited company, established in Pakistan, and operating in the crop sciences sector. • From 1997G to 2001G, Chief Financial Officer and Company Secretary at Aventis CropScience Pakistan Limited, a private limited company, established in Pakistan, and operating in the crop sciences sector. • From 2001G to 2015G, chief financial officer at BinDawood Superstores Company, a limited liability company, established in the Kingdom of Saudi Arabia, and operating in the retail sector.
Awards and Achievements:	• 'Gold Medal' as a token of appreciation from the Management of Aventis CropScience Pakistan Limited, on the successful completion of a special assignment for Aventis CropScience Turkey, in June 2000G. • 'CFO of the Year Award – Private Sector' held at Saudi Trade Finance Awards Ceremony in Kingdom of Saudi Arabia in 2019G.

5.3.2.6 Walid Abdulrazzag BinDawood

Age:	32 years
Nationality:	Saudi
Current Position:	Chief Commercial Officer
Date of Appointment:	13 December 2015G
Academic Qualifications:	• Bachelor's degree in finance and administration from King Abdulaziz University, the Kingdom of Saudi Arabia, in 2009G. • Master's degree in business administration from Cardiff Metropolitan University, United Kingdom, in 2017G.
Past Executive Positions:	• From 2010G to 2012G, category buyer at BDSS, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • From 2012G to 2015G, chief operating manager at BDSS. • From 2012G to 2016G, board secretary at BinDawood Holding Company, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • From 2015G to 2019G, chief human resources officer at Danube Company for Foodstuffs and Commodities, a limited liability company established in the Kingdom of Saudi Arabia, and operating in the retail sector. • From 2017G to 2019G, chief human resources officer at BDSS. • From 2019G to 2020G, chief commercial officer at BDSS.

5.3.2.7 Waleed Nasser Al-Ghonaim

Age:	38 years
Nationality:	Saudi
Current Position:	Chief Human Resources Officer
Date of Joining:	21 July 2019G
Academic Qualifications:	• Bachelor's degree in English literature from King Abdulaziz University, the Kingdom of Saudi Arabia, in 2005G. • Postgraduate diploma in business administration from University of Leicester, United Kingdom, in 2015G. • Master's degree in business administration from North Hampton University, United Kingdom, in 2018G.
Past Executive Positions:	• From 2005G to 2013G, executive manager of products, communication and training at Mobily, a joint stock company established in the Kingdom of Saudi Arabia, and operating in the telecommunications sector. • From 2013G to 2016G, Associate Director, HR Business Partner at Emaar, a public joint stock company established in Saudi Arabia, and operating in the real estate development sector. • From 2016G to 2018G, HR Director at Almajal Service Master, a limited liability company established in Saudi Arabia, and operating in the facility management and security systems sector. • From 2018G to 2019G, chief human resources and shared services officer at Ahmed Mohamed Saleh Baeshen and his partners Company, a joint stock company established in Saudi Arabia, and operating in the food and beverage sector.

5.3.2.8 Siobhan Maria McCarthy

Age:	40 years
Nationality:	Irish
Current Position:	Chief Communications Officer
Date of Appointment:	22 March 2020G
Academic Qualifications:	• Bachelor's degree in Journalism & Communications from Griffith College, Ireland, in 2002G.
Current Executive Positions[106]:	• Since March 2020G, chief communications officer at BinDawood Holding Company, a joint stock company, established in the Kingdom of Saudi Arabia, and operating in the retail sector. • Since July 2017G, Chief Communications Officer at AYM Commerce, a limited liability company established in the United Arab Emirates, and operating in the ecommerce sector.
Previous Executive Positions:	• From 2011G to 2015G, account director at Edelman, a limited liability company established in the United States of America, and operating in the communications sector. • From 2015G to 2017G, head of corporate communications, Europe, Middle East, Africa & South Asia at Travelport, a limited liability company established in the United Kingdom, and operating in the global distribution sector.

5.3.3 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the senior management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience. These contracts include a number of benefits such as a monthly allowance for transportation or housing allowance or both. These contracts are renewable and subject to the Saudi Labor Law.

In 2018G, Ahmad Abdulrazzag BinDawood became the Company's CEO. An employment contract was concluded between him and the Company. The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. The Chief Executive Officer directly reports to the Company's Managing Director, and acts as a liaison between the Managing Director and the Management of the Company.

Muhammad Salim Patka is the Chief Financial Officer. A contract was concluded between him and the Company. The following is a summary of the duties and responsibilities of the Chief Financial Officer:

- Assist senior management in shaping goals, chart strategic plans and public policies, and participate in decisions that concern the Company as a whole.
- Provide suggestions for the development of financial and structural organization of the Company.
- Prepare the draft annual budget of the Company.

The table below shows the main details of the employment contracts in question.

Table (5-7): Summary of Employment Contracts with Senior Executives

No.	Name	Position	Date of Appointment	Contract Date	Contract Termination Date
1	Abdulkhaliq Dawood BinDawood	Vice Chairman	8 May 2017G	1 January 2020G***	1 January 2030G Automatically renewable
2	Khalid Dawood BinDawood	Managing Director	8 May 2017G	1 January 2020G***	1 January 2030G Automatically renewable
3	Ahmad Abdulrazzag BinDawood	Chief Executive Officer	13 December 2018G	1 January 2020G***	1 January 2025G Automatically renewable

106 *Siobhan Maria McCarthy has started working for BinDawood Holding Company remotely, and as such, does not need to be sponsored by the Company.*

No.	Name	Position	Date of Appoint-ment	Contract Date	Contract Termination Date
4	Tariq Abdullah BinDawood	Chief Development Officer	13 December 2015G	1 January 2020G***	1 January 2025G Automatically renewable
5	Muhammad Salim Patka	Chief Financial Officer	13 December 2015G	1 January 2020G***	1 January 2025G Automatically renewable
6	Walid Abdulrazzag BinDawood	Chief Commercial Officer	13 December 2015G	1 January 2020G***	1 January 2025G Automatically renewable
7	Waleed Nasser Al-Ghonaim	Chief Human Resources Officer	21 July 2019G	1 January 2020G***	21 July 2024G Automatically renewable
8	Siobhan McCarthy	Chief Communications Officer	22 March 2020G	21 March 2020G	22 March 2022G Automatically renewable
9	Vacant**	Chief Operating Officer	-	-	-
10	Vacant**	Chief Technology Officer	-	-	-
11	Vacant**	General Counsel	-	-	-
12	Outsourced to PwC	Internal Audit Director	2 February 2020G	8 January 2020G	2 February 2021G
13	Vacant**	Chief Strategy & Corporate Affairs Officer	-	-	-

*** Vacant position as of the date of this Prospectus.*

**** The position has been occupied in accordance to the date specified in the date of appoitnemnt, the date mentioned hereto represents the date of the most recent contract made under new terms and conditions.*

Source: Company information.

5.4 Remuneration of Directors and Senior Executives

Subject to the Company's Bylaws, remunerations of Board Directors shall be determined in accordance with the official decisions and instructions issued by the Ministry of Commerce in this context and within the provisions of the Companies Law and any other relevant supplementary laws, as well as the Bylaws of the Company. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Pursuant to the Company's Bylaws, neither the Directors nor Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Management. The following table shows the remunerations of the Board of Directors and the top six Senior Executives (including the Chairman of the Board of Directors (he was previously considered as an executive, as he acted as the Executive Chairman of the Board), the Vice Chairman, the Managing Director (in addition to the remuneration paid to them in their capacity as members of the Board of Directors), the CEO, the CFO and the Chief Retail Development Officer) for the financial years ended 31 December 2017G, 2018G and 2019G.

Table (5-8): Remuneration Paid to Directors and Senior Executives*

In SAR	2017G	2018G	2019G
Board of Directors	400,000	400,000	1,500,000
Audit Committee	-	-	-
Nomination and Remuneration Committee	-	-	-
Executive Committee	-	-	-
Chairman of the Board of Directors, Vice Chairman, Managing Director**	27,810,000	29,600,000	16,500,000
Senior Management (6 employees)***	36,061,921	39,022,707	27,960,005

Source: Company information.

** The Chairman of the Board of Directors, the Vice Chairman and the Managing Director historically receive "administrative fees" as compensation for their contributions managing the Company's business. The Company has terminated the administrative fee arrangement as at 31 December 2019G.*

*** In addition to the remuneration paid to them in their capacity as members of the Board of Directors*

**** Includes the Chairman of the Board of Directors (he was previously considered as an executive, as he acted as the Executive Chairman of the Board), the Vice Chairman, the Managing Director (in addition to the remuneration paid to them in their capacity as members of the Board of Directors), the CEO, the CFO, and the Chief Retail Development Officer.*

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies' Law and corporate governance best practice in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision making processes with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. However, the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

5.5.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies, and will comply, with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (*Articles 73 to 98*).

5.5.3 Corporate Governance Manual and Internal Policies

As part of the preparations for the Company to become a public listed company, the Board of Directors approved the Corporate Governance Manual of the Company on 15/04/1441H (corresponding to 12/12/2019G).

The Company's Corporate Governance Manual includes the following internal policies and charters:

- Board of Directors policies and procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committee principles and policies;
- monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;
- dividend distribution policy;
- Shareholder communication policies;
- disclosure and transparency policies;
- Audit Committee charter;
- Nomination and Remuneration Committee charter; and
- Corporate social responsibility policy.

5.5.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of nine (9) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors at the Conversion General Assembly meeting held on 19/08/1438H (corresponding to 15/05/2017G). This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

In compliance with the Corporate Governance Regulations, the Ordinary General Assembly of the Company formed the Audit Committee, consisting of three (3) non-executive members, on 29/08/1441H (corresponding to 21/04/2020G) and the Board of Directors formed the Nomination and Remuneration Committee on 21/08/1441H (corresponding to 14/04/2020G) and the Executive Committee on 15/04/1441H (corresponding to 12/12/2019G). The Company has also prepared its Committee charters, which were approved by the Board in its session held on 15/04/1441H (corresponding to 12/12/2019G), and recommended to the General Assembly for ratification. The Extraordinary General Assembly ratified the Committee charters during its session held on 18/04/1441H (corresponding to 15/12/2019G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for Related Party transactions described in Section 12.7 **("Transactions and Contracts with Related Parties")**.

Pursuant to the Corporate Governance Regulations, each board member is prohibited from voting on a decision taken by the board or the general assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies Law sets out similar requirements to the effect that a director, without prior consent from the ordinary general assembly may not have any direct or indirect interest in transactions or contracts made for the account of the company. The director also has an obligation to inform the board of directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the board of directors or shareholder assemblies. The Chairman of the Board of directors must inform the general assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the company's external auditor (Article 71).

The Corporate Governance Regulations also provide that if a member of the board wishes to engage in a business that may compete with the company or any of its activities, he/she must notify the board of the competing businesses and abstain from voting on the related decision in the board meeting and general assemblies; the Chairman of the Board must inform the ordinary general assembly of the competing businesses that the member of the board proposes to be engaged in; and the authorization of the company's general assembly must be obtained for the member to engage in the competing business. The Companies' Law sets out similar requirements (Article 72).

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to Listed companies, which the Company is not currently in compliance as the Company's shares are not currently Listed on the Exchange, as follows:

- Paragraph (a) of Article (8) providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (c) of Article (8) providing that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per paragraph (a) of Article (8).
- Paragraph (d) of Article (13) providing that the invitation to the General Assembly shall be published on the Exchange's, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Paragraph (c) of Article (14) providing that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report.
- Paragraph (e) of Article (15) providing that the Company shall announce to the public and inform the Authority and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Paragraph (d) of Article (17) providing that the Company shall notify the Authority of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within 5 working days from such changes.
- Paragraph (b) of Article (19) providing that upon the termination of the membership of a Board member, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.
- Paragraphs (a) and (b) of Article (57) providing that audit committee shall convene periodically, provided that at least four meetings are held during the Company's financial year, and shall convene periodically with the Company's external auditor and internal auditor, if any.
- Article (63) providing that the Remuneration Committee shall convene periodically at least once a year, and as may be necessary.
- Article (67) providing that the nomination committee shall convene periodically at least once a year, and as may be necessary.
- Article (68) providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

The General Assembly of the Company approved the distribution of profits for the financial year ended 31 December 2019G at its meeting held on 29/10/1441G (corresponding to 21/06/2020G). As at the date of this Prospectus, no interim financial statements have been issued since the inception of the Company up to September 2019G, which constitutes a violation of the Company's compliance with the OSCOs, which may expose it to regulatory sanctions, and will have a negative and material impact on the Company's business, results of operations, financial condition and prospects.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies' Law which states that a member of the board of directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly.

Pursuant to Article 71 of the Companies' Law, a member must inform the Board of Directors of any interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74, and 75 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All Related Party transactions will be made on an arm's length basis in accordance with the terms of the Corporate Governance Regulations.

As of the date of this Prospectus, the Board of Directors declare that the Board of Directors, Senior Executives or Current Shareholders do not have a conflict of interest in relation to the agreements or arrangements entered into with the Company, as well as that they have not engaged in any similar or competing activities to the Company's.

As of the date of this Prospectus, no arrangements are in place through which the Board of Directors, Senior Executives, Current Shareholders or any of their Relatives hold or may hold direct or indirect interests, in addition, none of the arrangements in place are based on inappropriate commercial terms.

Additionally, as of the date of this Prospectus, the Board of Directors are not engaging in any similar or competing activities to the Company's.

5.7 Employees

As at 31 December 2019G, the Company had 9,874 employees (approximately 23.4%[107] of whom are Saudi nationals), and 3,686 employees under the sponsorship of manpower supply companies from third parties and related parties, whom carry out work within the Company's Stores after obtaining an Ajeer notice[108] The following tables set out the distribution and Saudization rate of employees per sector.

On 17 December 2019G, the Company entered into a Shared Services Agreement with BinDawood Trading Company Limited and Abdulkhaliq Dawood Ibrahim BinDawood Establishment, which are both related parties.

The Shared Services Agreement sets out the terms and conditions pursuant to which the Company will provide information technology, administrative (including human resources and finance management), insurance and projects support services to BinDawood Trading Company Limited and Abdulkhaliq Dawood Ibrahim BinDawood Establishment (for further details, please refer to Section 12.7.5 ("**Shared Services Agreement**").

There are 352 employees in the Company's Head Office. The average employee count per Store under the BinDawood and Danube brands is 117 and 133 employees respectively.

107 This percentage is approximate as there are branch commercial registrations with separate Saudization percentages for each respective registration.
108 Ajeer notices used by the Company are documents that permit non-Saudi workers to work in a facility other than the one that sponsored them for a renewable specified period of time. Such notices are deemed to represent legal documents in accordance with the laws and regulations of the Ministry of Human Resources and Social Development.

The Company entered into employment contracts with all of the Company's senior management members. The contracts stipulate their salaries and bonuses, according to their qualifications and experience, and include a number of benefits, such as monthly transportation allowance, monthly housing allowance, or both. They are renewable and subject to the Saudi Labor Law. For further details, please refer to Section 5.3.3 ("**Employment Contracts with Senior Executives**").

Below is a table setting out the number of the Company's and its Subsidiaries' employees by sector, as at 31 December 2017G, 2018G and 2019G.

Table (5-9): Number of the Company's and its Subsidiaries' Employees by Business Segment Sector, as at 31 December 2017G, 2018G and 31 December 2019G.

	Department	2017G			2018G			2019G		
		Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees
BDH[109]	Commercial	0	0	0	0	0	0	0	0	0
	Development	0	0	0	0	0	0	0	0	0
	Finance	0	0	0	0	0	0	0	0	0
	Human Resources	0	0	0	0	0	0	0	0	0
	IT	0	0	0	0	0	0	0	0	0
	Operations	0	0	0	0	0	0	0	0	0
	Total Employee Number of BDH	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
BDSS	Commercial	45	3	42	48	4	44	41	4	37
	Development	58	0	58	46	0	46	42	1	41
	Finance	92	0	92	75	0	75	80	1	79
	Human Resources	36	15	21	24	9	15	26	17	9
	IT	48	1	47	41	1	40	29	0	29
	Operations	2,727	753	1,974	2,873	1,034	1,839	3,149	827	2,322
	Total Employee Number of BDSS	3,006	772	2,234	3,107	1,048	2,059	3,367	850	2,517
Danube	Commercial	84	3	81	94	9	85	115	9	106
	Development	117	3	114	106	2	104	115	2	113
	Finance	114	0	144	115	0	115	116	0	116
	Human Resources	23	11	12	24	13	11	27	16	11
	IT	46	0	46	34	0	34	30	0	30
	Operations	5,255	1,129	4,126	5,535	1,531	4,004	5,693	1,432	4,261
	Total Employee Number of Danube	**5,669**	**1,146**	**4,523**	**5,908**	**1,555**	**4,353**	**6,096**	**1,459**	**4,637**
Danube Star	Commercial	3	0	3	3	0	3	0	0	0
	Development	7	0	7	9	0	9	1	0	1
	Finance	4	0	4	8	0	8	3	0	3
	Human Resources	0	0	0	0	0	0	0	0	0
	IT	0	0	0	0	0	0	1	0	1
	Operations	1,535	55	1,480	1,456	54	1,402	406	2	404
	Total Employee Number of Danube Star	**1,549**	**55**	**1,494**	**1,476**	**54**	**1,422**	**411**	**2**	**409**
Total Number of the Company's and its Subsidiaries' Employees		**10,224**	**1,973**	**8,251**	**10,491**	**2,657**	**7,834**	**9,874**	**2,311**	**7,563**

Source: Company information.

109 *As of 31 December 2019G, the Issuer did not have any employees. All employment contracts were entered into by and between the employees and the issuer's Subsidiaries. However, as of the date of this Prospectus, BDH entered into employment contracts with its senior executives. As of the date of this Prospectus, the Saudization percentage of BDH was 80%, and falls within the small green Nitaq category.*

Below is a table setting out the average Saudization percentage and Nitaq category of the Company and its Subsidiaries as at 31 December 2019G.

Table (5-10): Average Saudization Percentage and Nitaqat Category of the Company and its Subsidiaries as at 31 December 2019G.

Company	Average Saudization Percentage for each Entity	Entity	Nitaq Category	Average Saudization Percentage
BDH[110]	None	None	None	None
BDSS	25.61%	Maintenance and Operation Contracting	High Green	28.19%
	29.17%	Wholesale and Retail Trade of Electronic Goods, Appliances, Clothes, Services and Others	Medium Green	
	30.98%	Wholesale and Retail Trade of Foodstuffs, Furniture and Agriculture Supplies	Medium Green	
	32.32%	Storage	Medium Green	
	12.28%	Cleaning Contracting	Medium Green	
Danube	26.76%	Maintenance and Operation Contracting	High Green	24.72%
	40.11%	Wholesale and Retail Trade of Foodstuffs, Furniture and Agriculture Supplies	High Green	
	12.33%	Bakeries and Bread Trade	High Green	
	26.87%	Cleaning Contracting	Platinum	
Danube Star	100.00%	Small Combined Entities	Small Green	6.81%
	18.20%	Provisions and Sustenance	Low Green	

Source: Company information.

5.8 Saudization

The Saudization program was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27 October 1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10 September 2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "Nitaqat" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum category, the green (subdivided, into low, middle and high) and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

For further details on the classification of the Company and its subsidiaries under the "Nitaqat" program, please refer to Table 5-10 ("**Average Saudization Percentage and Nitaqat Category of the Company and its Subsidiaries as at 31 December 2019G**") above.

110 As of 31 December 2019G, the Issuer did not have any employees. All employment contracts were entered into by and between the employees and the issuer's Subsidiaries. However, as of the date of this Prospectus, BDH entered into employment contracts with its senior executives. As of the date of this Prospectus, the Saudization percentage of BDH was 80%, and falls within the small green Nitaq category.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following management discussion and analysis section provides a review of BinDawood Holding Company's ("**BDH**" or the "**Company**") financial condition and operational performance. This section is based upon and should be read in conjunction with the Company's audited set of consolidated financial statements for the financial years ended 31 December 2018G (2017G financial information is extracted from 2018G consolidated financial statements) and 2019G.

The aforementioned consolidated financial statements, together with the notes thereto, are a part of this Prospectus and are prepared in accordance with IFRS-KSA.

All amounts are in SAR, unless stated otherwise, and percentages are rounded off to one decimal place, therefore, calculating the percentage of increase/decrease using the numbers in the tables (shown in millions) may not give an exact match to the percentages mentioned in the tables. Further, for the purposes of this management discussion and analysis section, financial information as at and for the financial years ended 31 December 2017G and 2018G has been used from the comparative financial information contained in the consolidated financial statements of the Company for the financial years ended 31 December 2018G and 2019G, respectively. Ernst & Young & Co. (Certified Public Accountants), do not themselves, their employees (forming part of the team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries that would impair their independence. The Independent Auditors have given, and have not withdrawn their written consent, to the reference in this prospectus to their role as auditors of the Company in respect of the audited consolidated financial statements for 2017G, and 2018G and 2019G.

The Company is providing the financial information of its individual Subsidiaries in this Section 6 for informational purposes, in accordance with the Rules on the Offer of Securities and Continuing Obligations. It should be noted that Management does not consider such financial information, taken on its own, to be fully representative of the allocation of costs and expenses if each Subsidiary operated independently.

This section may include forward-looking statements in connection with BDH's future prospects based on the management's current plans and expectations regarding BDH's growth; results of operations; and financial condition, and as such involve risks and uncertainties. BDH's actual results could differ materially from those expressed or implied in these forward-looking statements due to various factors and future events, including those discussed below and elsewhere in the Prospectus, particularly, in Section 2 "*Risk Factors*" of this Prospectus.

Please note that the figures in this section have been rounded up to the nearest million.

6.1 Directors' declaration for financial information

The Board of Directors declare that the financial information presented in this section is extracted without material changes from the consolidated set of audited financial statements for the financial years ended 31 December 2018G (2017G financial information is extracted from 2018G consolidated financial statements) and 2019G on a consistent basis. Furthermore, the Board of Directors declare that:

- There has been no interruption in the business of the Company or any of the Company's Subsidiaries which may have or has had a significant impact on the financial position in the last 12 months.
- No commissions, discounts, brokerages or other non-cash compensation have been granted within the three-year period immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company or any of the Company's Subsidiaries.
- There has not been any material adverse change in the financial or trading position of the Company or its Subsidiaries in the three financial years period preceding the application for registration and offer of securities that are subject to this Prospectus and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the Prospectus.

- Other than what is mentioned in section 4-8 ("**Overview of Shareholders**") and section 5-6 ("**Conflict of Interest**") of this prospectus, the Board of Directors do not have any shareholding or interest of any kind in the Company or any of the Company's Subsidiaries, and nor does any relative of theirs.
- The Directors confirm that the Company - individually or jointly with its Subsidiaries – has sufficient working capital for a period of at least 12 months immediately following the date of publication of the Prospectus.
- The Board of Directors declares that no shares of the Company or its Subsidiaries are under option as of the date of this Prospectus.
- The Board of Directors declares that the Company has no intention in making fundamental changes to the Company's activities in the future.
- The Directors confirm that all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading.

6.2 Company overview

BDH is a Closed Saudi Joint Stock Company (formerly a Limited Liability Company), registered in the Kingdom of Saudi Arabia under Commercial Registration number 4031063470 dated l6/08/1432H (corresponding to 17 July 2011G). The registered office of the Company is located in Makkah, Kingdom of Saudi Arabia.

The Company's objective is to manage its Subsidiaries and to provide required support to such Subsidiaries. The Company's objective also includes the acquisition of properties and moveable assets required for its activities and acquire, lease and utilize equity rights of industrial and commercial patents, brands, franchise and other abstract rights for its Subsidiaries.

6.2.1 BDH's Subsidiaries

6.2.1.1 Danube Company for Foodstuffs and Commodities

Danube Company for Foodstuffs and Commodities (Danube) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030093169, dated 2 Shaban 1413H (corresponding to 25 January 1993G). The registered office of Danube is located in Jeddah, Kingdom of Saudi Arabia.

Danube operates and manages Danube stores, which targets premium segment consumer demographics in the Kingdom. As at 31 December 2019G, Danube's portfolio included 42 stores/branches spread mainly across Riyadh, Jeddah, Dammam and Khobar.

6.2.1.2 BinDawood Superstores Company

BinDawood Superstores Company (BinDawood) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4031063164 dated 24 Rajab 1432H (corresponding to 26 June 2011G). The registered office of BinDawood is located in Makkah, Kingdom of Saudi Arabia.

BinDawood operates and manages BinDawood stores, which targets value segment consumer demographics in the Kingdom. As at 31 December 2019G, BinDawood's portfolio included 27 stores/branches spread mainly across Makkah, Madinah and Jeddah.

6.2.1.3 Danube Star for Bakeries and Marketing

Danube Star for Bakeries and Marketing Company Limited (Danube Star) is a Limited Liability Company registered in Jeddah, Kingdom of Saudi Arabia under commercial registration No. 4030086333, dated 9 Shawwal 1412H, (corresponding to 13 April 1992G). The registered office of the Company is located in Jeddah, Kingdom of Saudi Arabia. Further, the Fruit and Vegetables segment of Jumairah Marketing Establishment (a branch of Abdul Khaliq BinDawood Establishment) was moved under Danube Star from the beginning of 2020G.

Danube Star manufactures bakery products and sells its range of confectionary products through Danube and BinDawood Stores.

6.3 Key factors affecting the results of operations

The following is a discussion of the most significant factors that have affected or are expected to affect the Company's financial condition and results of operations. These factors are based on the information currently available to management, and for more information on risk factors that are relevant to an understanding of the Company's current or future results of operations (for further details, please refer to Section 2 ("**Risk Factors**") and ("**Important Notice**") of this Prospectus).

6.3.1 Macroeconomic conditions

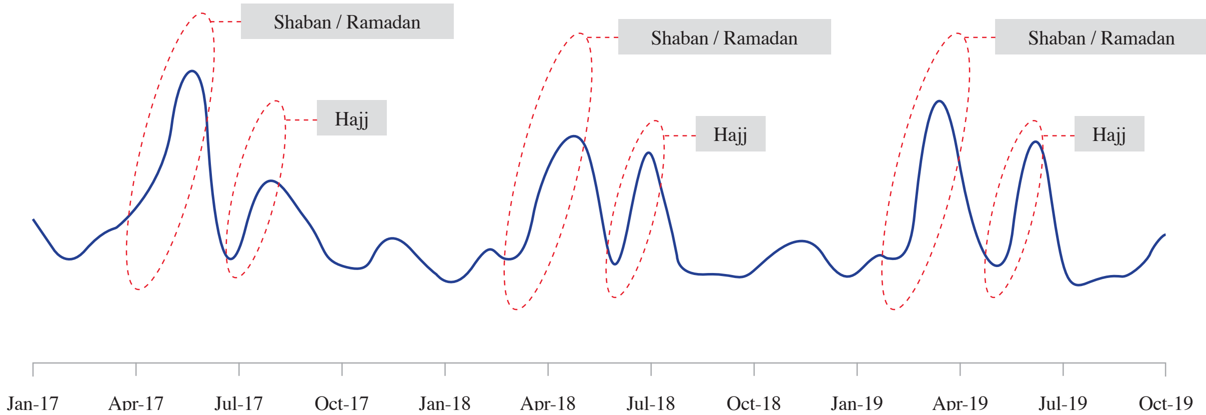
Financial performance of the Company may be directly influenced by the overall conditions of the economy in the KSA, which impacts the purchasing power of consumers and minimizes discretionary spending. Discretionary spending carries direct implications for the average basket size of the Company.

Also, any activities by the Government to ease fiscal pressure, e.g. through further reduction of subsidies in fuel and other utilities or introduction of new taxes for expatriates, etc., may affect business performance. Reduction or elimination of subsidies may increase utility, fuel and commodity prices which could affect consumer spending and increase the cost of doing business for the Company. In addition, any new taxes / levies on expatriates may have a direct impact on the total sales volume at the Company's Stores and may also increase expenses. Further, social events held in the Kingdom (such as Riyadh and Jeddah Seasons etc.) as well as new policy changes implemented in the Country (issuance of tourist visas etc.) also have an impact on overall economic activity.

6.3.2 Seasonality

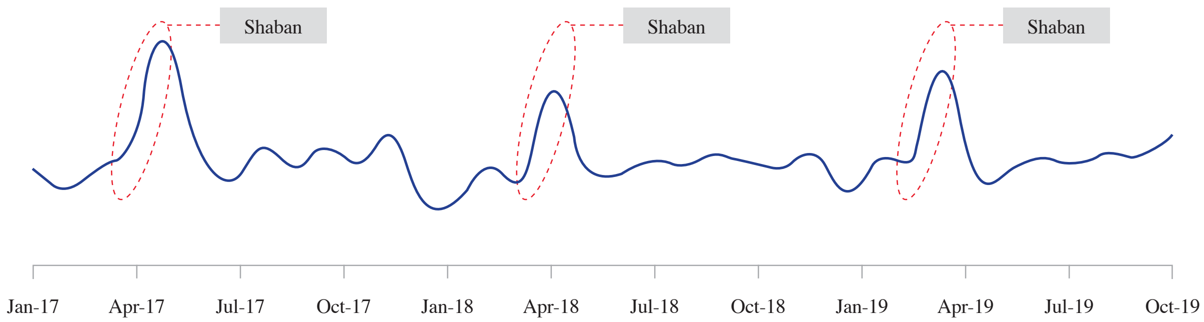
The Company's revenue exhibits a seasonal trend mainly due to the total number of calendar days in the month of February and consumer buying and travel patterns influenced by periods of religious practices and holidays in the KSA. During Sha'ban, the month prior to Ramadan, there is typically an increased level of buying activity from consumers in preparation for the month of Ramadan. However, the month following Ramadan generally experiences a slump in sales which is mainly attributable to the consumer buying patterns in Ramadan, which leads to a surplus of buying, resulting in lower sales in the following months. In addition, during the closing stages of Ramadan, a large portion of the population travels outside the KSA for Eid holiday, which is also a factor contributing to lower sales experienced in the month following Ramadan. The beginning of Ramadan varies from year to year because of the differences between the Hijri (lunar) and the Gregorian calendars. Further, during the Ramadan and Hajj season, Company sales in the stores in vicinity of the Haramain Area improve as a result of a higher number of pilgrims compared to other months during the year.

Chart (6-1): Seasonality of sales for Haramain stores



Source: Consolidated financial statements.

Chart (6-2): Seasonality of sales for stores (excluding Haramain stores)



Source: Consolidated financial statements.

6.3.3 Number of stores

A significant portion of the Company's incremental revenue is driven by an increasing number of stores rolled out by the Company (13, 6 and 2 new stores opened during 2017G, 2018G and 2019G, respectively). Further, the maturity, location and overall sales space of stores also drive the Company's revenue. The financial performance of a store is, in large part, attributable to the Company's ability to identify suitable store locations with appropriate grocery selling areas; to successfully compete with other recognized grocery retailers; and to effectively establish distribution and other operational infrastructure when expanding into new geographies.

6.3.4 Pilgrim inflow

More than half of the revenue generated by BinDawood brand is concentrated in Makkah and Madinah. Revenue generated from these locations is largely attributable to pilgrims. Government policies with regards to the capacity of Hajj and Umrah pilgrims, ease of visa processing/issuance and any other policy affecting the inflow and number of total pilgrims visiting KSA may have a direct impact on the financial performance of the Company (especially for BinDawood stores in Makkah and Madinah).

6.3.5 Supplier Support Income

Supplier Support Incentive does not have a direct cost element associated with it and any reduction and / or volatility of the Supplier Support Incentive in the future will have a negative impact on the operating margin of the Company. Similarly, sustainable or increasing levels of Supplier Support Incentive will have a direct positive impact on the operating margin of the Company. The levels of Supplier Support Incentive may be affected by competitors, supplier spending budgets, entry of new market entrants, losing brand value of the Company's brands and locations of new stores.

6.4 Significant accounting policies

The Company's consolidated financial statements for financial years ended 31 December 2018G (2017G financial information is extracted from 2018G consolidated financial statements) and 2019G are prepared in accordance with IFRS-KSA. The financial information for the financial years ended 31 December 2017G and 2018G has been used from the comparative financial information contained in the consolidated financial statements for the financial years ended 31 December 2018G and 2019G, respectively. The following subsections set out the significant accounting policies which were used in the preparation of BDH's audited consolidated financial statements for the year ended 31 December 2019G:

6.4.1 Current versus non-current classification

Assets:

The Company presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;

- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

6.4.2 Property and equipment

6.4.2.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other operating income in the consolidated statement of profit or loss and other comprehensive income.

6.4.2.2 Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

6.4.2.3 Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	Year
Equipment	3 – 10 years
Motor vehicles	7.5 – 10 years
Furniture and fixtures and leasehold improvements	5 – 10 years
Computers	3 years

Source: Consolidated financial statements and Company information.

6.4.2.4 Capital work in progress

Capital work in progress represents assets under construction and improvements to the existing assets, recorded at cost less accumulated impairment losses if any. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work in progress is not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Company's policies.

6.4.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Intangible assets are amortized over a period of 3 years.

6.4.4 Inventories

Inventories, which represents goods held for resale, are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs to sell. The cost of inventories comprises all costs of purchase, and other costs incurred in bringing the inventories to their existing location and condition. Cost of inventories is determined using weighted average method.

6.4.5 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

6.4.6 Financial Instruments

6.4.6.1 Financial assets

Initial recognition and measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through consolidated statement of profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through consolidated statement of profit or loss are expensed in consolidated statement of profit or loss and other comprehensive income.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

- For purposes of subsequent measurement, financial assets are classified in following categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost (debt instruments)(continued)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in consolidated statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes cash and cash equivalents, due from related parties, staff receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. Currently, the

Company does not have any debt instrument designated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Company does not have any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income. Currently, the Company does not have any financial assets designated at fair value through profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

6.4.6.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables net of directly attributable transaction costs. The Company's financial liabilities include accounts payable, accruals and other liabilities and due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as, described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Accounts payable and other liabilities

This category is relevant to the Company. After initial recognition, account payable and other liabilities are subsequently measured at amortized cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.4.7 Impairment of financial and non-financial assets

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments. The probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro-rata basis.

6.4.8 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Company's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in employee costs in the consolidated statement of profit or loss and other comprehensive income.

6.4.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

6.4.10 Cash dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized. As per the By-laws, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

6.4.11 Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("**GAZT**"). Zakat is provided for in accordance with the Saudi Arabian fiscal regulations. Provision for zakat is charged to the consolidated statement of profit or loss and other comprehensive income.

6.4.12 Revenue recognition

The Company is in business of the retail trading of foodstuff and household items. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue is income arising from the sale of goods in the ordinary course of the Company's activities, net of value added taxes. Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods (commonly at the store checkout for the sales via the Company's Stores). Revenue from sale of goods is recorded at the fair value of consideration received or receivable, net of returns and allowances and sale discounts.

The products on sale in the Group's Stores are sold with a right of return and the return period is limited based on the Company's general conditions of sale.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Other operating income

The Company leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

6.4.13 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item.

6.4.14 Expenses

Cost of revenue

Cost of revenue includes the direct costs incurred to bring the goods in the saleable condition. Additionally, consistent with standard industry practice, the Company has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts ('supplier incentives') are received in connection with the purchase of goods for resale from those suppliers. Most of the incentives received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the supplier incentive is conditional on the Company performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning.

Supplier incentives are recognized when earned by the Company, which occurs when all obligations conditional for earning incentives have been discharged, and the incentive can be measured reliably based on the terms of the contract. The supplier incentive is recognized as a credit within cost of sales.

Where the incentives earned relates to inventories which are held by the Company at the reporting date, the incentives are included within the unearned income, and recognized in cost of sales upon sale of those inventories.

Amounts due relating to supplier incentives are recognized within trade and other receivables, except in cases where the Company currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognized.

Supplier Support Incentive have been presented under cost of sales in the audited consolidated financial statements of 2019G.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Company. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses. For the purpose of presentation, all promotional income which comprises of income earned from promotion of various products within the Company's retail Stores are netted off with selling and distribution expenses.

General and Administration expenses

These pertain to operation expenses which are not directly related to the sale of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses. Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

6.4.15 Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Company. As per the by-laws of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

6.4.16 Leases (applicable until 2018G)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

6.4.17 Leases (applicable from 2019G onwards)

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the consolidated statement of income over the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Retail outlets - 5 to 25 years;
- Employee accommodation - 1 to 8 years;

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the consolidated statement of income.

Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognized in statement of income.

6.5 Results of operations

6.5.1 Statement of profit or loss

Table (6-1): Consolidated statement of profit or loss

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Revenue	4,766.3	4,554.2	4,843.8	(4.5%)	6.4%	0.8%
Cost of revenue	(3,762.7)	(3,001.3)	(3,199.2)	(20.2%)	6.6%	(7.8%)
Gross profit	1,003.6	1,552.9	1,644.5	54.7%	5.9%	28.0%
Selling & distribution expenses	(996.0)	(1,047.2)	(1,006.8)	5.1%	(3.9%)	0.5%
General & administration expenses	(150.5)	(127.0)	(130.9)	(15.6%)	3.0%	(6.7%)
Other operating income	-	13.0	11.4	nm	(12.3%)	N/A
Gandola income	545.6	-	-	(100.0%)	N/A	(100.0%)
Operating profit	402.7	391.6	518.3	(2.7%)	32.3%	13.4%
Finance cost on lease liabilities	-	-	(95.8)	N/A	N/A	N/A
Other income	14.4	6.6	7.9	(54.1%)	18.8%	(26.1%)
Profit for the year before Zakat	417.1	398.3	430.3	(4.5%)	8.1%	1.6%
Zakat charge	(2.8)	(0.4)	(11.2)	(84.7%)	nm	101.3%
Net profit for the year	**414.3**	**397.8**	**419.1**	**(4.0%)**	**5.4%**	**0.6%**

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

Table (6-2): Key financial metrics

Percentage	Financial year ended 31 Dec		
	2017G	2018G	2019G
1- Gross profit margin (as adjusted)*	32.4%	34.1%	34.0%
2- Gross profit margin (based on financial statements)	21.1 %	34.1%	34.0%
3- Operating margin	8.4%	8.6%	10.7%
4- Net profit margin	8.7%	8.7%	8.7%
5- Gearing ratio	0.0%	0.0%	0.0%

Source: Company information.

Note 1: Financial ratios related to the balance sheet (including DPO, DSP and DIO) have been presented in Table 6-27

1. *Gross profit margin (as adjusted) - 2017G = [gross profit for the year of SAR 1,003.6 million + gandola income of SAR 545.6 million - shop rentals of SAR 12.9 million disclosed under gandola income in 2017G + early payment discount of SAR 9.3 million disclosed under other income in 2017G] / revenue for the year of SAR 4,766.3 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements)*
2. *Gross profit margin (based on financial statements) = gross profit for the year / revenue for the year*
3. *Operating margin = operating profit for the year / revenue for the year*
4. *Net profit margin = net profit for the year / revenue for the year*
5. *Gearing ratio = Total interest-bearing debt as at year end / total capitalization (total interest-bearing debt plus total equity) as at year end. For the avoidance of doubt, interest bearing debt for these purposes excludes lease liabilities.*

*Note *: For purposes of consistency with 2018G and 2019G, the cost of revenue in 2017G is adjusted for gandola income (excluding shop rentals) and early payment discount that was reported under Gandola income and other income, respectively in 2017G*

Table (6-3): Key performance indicators

	Financial year ended 31 Dec		
	2017G	2018G	2019G
Number of Stores by store type:			
Hypermarkets	43	46	48
Supermarkets	18	21	21
Number of stores by Subsidiary:			
BinDawood	24	26	27
Danube	37	41	42
Total	**61**	**67**	**69**
Total selling area (m²)	319,456	341,306	350,873
Number of transactions (in thousands)	52,173	50,604	46,436
Average basket size (SAR)	91.4	90.0	104.3

Source: Company information.

The Company principally generates its revenue from selling food and non-food products through its grocery retail network of Danube and BinDawood Stores. Revenue decreased by 4.5% from SAR 4,766.3 million in 2017G to SAR 4,554.2 million in 2018G. This was due to a decrease in revenue generated from BinDawood by 9.3% from SAR 1,703.7 million in 2017G to SAR 1,546.0 million in 2018G, as well as a decrease in revenue generated from Danube by 1.9% from SAR 2,837.5 million in 2017G to SAR 2,783.6 million in 2018G. BinDawood›s revenue declined due to management›s decision to discontinue bulk sales from stores, decline in sales of perishable and nuts (mainly fruit and vegetable sales) driven by management›s decision to only purchase goods from accredited suppliers and construction work in the holy cities of Makkah and Madinah which negatively impacted the number of Umrah and Hajj visas and resulted in a reduction in the number of pilgrims in 2018G. Danube›s revenue declined due to management›s decision to halt sale of electronic products› in 2018G as it was negatively impacting margins, as well as a decline in perishable and nuts sales (as explained above). Additionally, revenues in 2018G did not increase as compared to 2017G due to a general slowdown in the economy which was driven by several factors, such as the introduction of VAT, an increase in fuel prices and the introduction of dependent tax on expatriates, all of which had an impact on consumers› discretionary spending. In contrast, revenue increased by 6.4% to SAR 4,843.8 million in 2019G compared to 2018G. This was due to an increase in revenue generated from BinDawood by 12.1% to SAR 1,733.4 million in 2019G, as well as an increase in revenue generated from Danube by 11.7% to SAR 3,110.4 million in 2019G. The aforementioned increases in revenue were mainly driven by the full year impact on revenue generated from stores opened in 2018G, as well as new stores which opened during 2019G (1 Danube store and 1 BinDawood store). Further, BinDawood and Danube increased the frequency of promotional festivals at their stores from 35 in 2018G to more than 40 in 2019G, which were focused on the FMCG / Grocery department, and contributed to higher sales (e.g. Chocolate Festival, Coffee Festival, Italian Festival, Home Sweet Home Festival, Mom Festival, Tea Festival, Summer Festival, Baby Care Festival). Additionally, BinDawood sales were also positively impacted due to an increase in the number of pilgrims visiting Makkah and Madinah during 2019G. Moreover, sales growth in 2019G compared to 2018G was also attributable to an expansion of geographical reach served through the online app resulting from an increase in the number of stores supporting the online sales activities. Also, management›s decision to discontinue wholesales in 2018G and increase in quality of services through focus on retail customers also facilitated growth in sales of BinDawood in 2019G. In 2019G, revenue also increased for both Danube and BinDawood due to allocation of bakery sales from Danube Star to BinDawood and Danube, depending on the value of sales of bakery products made from these stores. Sale of these bakery products were previously classified as part of Danube Star in 2017G and 2018G.

Management's decision to discontinue bulk sales in 2018G was mainly because they wanted to ensure adequate stock availability for the real end consumers of the Company which provide higher margins to the business on an overall basis. Also, management's decision to purchase perishable and nuts (fruit and vegetable products) only from credible suppliers was mainly to ensure that quality products are provided to their customers.

Further, management's decision to halt sales of high-priced electronic product with low margin was mainly because these product sales were generating very low or negative margin, hence, no significant value addition was being made to the profitability of the Company.

Cost of revenue is predominantly composed of product costs, inventory shrinkage, inventory wastage and other miscellaneous direct costs associated with packaging materials net off Supplier Support Incentive. Cost of revenue decreased by 20.2% from SAR 3,762.7 million in 2017G to SAR 3,001.3 million in 2018G. This was mainly driven by a decrease in product cost, which resulted from an overall decrease in revenue (particularly bulk sales and electronic products' revenue); and the reclassification of gandola income (excluding shop rentals) and early payment discounts to Supplier Support Incentive under cost of revenue in 2018G.

The decrease in cost of revenue in 2018G was partially offset by higher inventory shrinkage in 2018G resulting from new displays of fish products at 7 additional existing stores intended to improve the revenue from fish products and due to policy-driven increased inventory count.

Despite the decline in cost of revenue in 2018G, Supplier Support Incentive (offset from cost of revenue) increased in 2018G; mainly due to better rates and discounts from achieving sales targets set by the suppliers resulting from combining the purchasing departments of Danube and BinDawood into a single unit in 2018G.

Supplier Support Incentive increased during 2018G mainly due to additional income resulting from the opening of 6 new stores. In addition, the full year impact from stores opened during 2017G also resulted in an increase in Supplier Support Incentive in 2018G. Further, management offered uncompensated promotions during the pre-Ramadan season in 2018G to end consumers which were previously being purchased by smaller shop keepers in 2017G, particularly in BinDawood due to bulk sales made. Management implemented a number of controls to limit such sales and to ensure that such products were purchased by genuine end consumers. In contrast, cost of revenue grew by 6.6% to SAR 3,199.2 million in 2019G compared to 2018G. This was primarily attributable to an increase in revenue due to ramp up of stores opened in 2018G and new stores opened in 2019G. This was offset by lower inventory wastage and shrinkage costs incurred during the year, as a result of stricter controls set in place by management on inventory items as well as lower Gandola income generated on account of a lower number of store openings in 2019G.

Selling and distribution expenses mainly comprise store staff costs, stores and warehouse operating lease charges, depreciation of property and equipment held in stores, utility charges associated with stores and depreciation on right of use assets (in 2019G only). Selling and distribution expenses increased by 5.1% from SAR 996.0 million in 2017G to SAR 1,047.2 million in 2018G. This was primarily due to an increase in the number of new stores in 2018G which resulted in an increase in staff and Iqama costs, store depreciation expenses and increase in electricity and water charges. In addition, store utility charges also increased during 2018G due to an increase in tariffs by the Government and the full year impact on expenses from stores which opened during 2017G. In contrast, selling and distribution expenses decreased by 3.9% to SAR 1,006.8 million in 2019G compared to 2018G. This decline was mainly driven by a decrease in rent expenses by 96.9% (upon adoption of IFRS 16) which was partially offset by an increase in employee costs resulting from full year impact of 2018G stores ramping up and new 2019G stores, in addition to depreciation on right of use assets which was recorded during 2019G only (upon adoption of IFRS 16).

General and administration expenses mainly consist of administrative employee costs and management remuneration. General and administration expenses decreased by 15.6% from SAR 150.5 million in 2017G to SAR 127.0 million in 2018G. This was primarily due to a decrease in administrative staff costs and other general and administration expenses, which resulted from the centralization of certain common administrative functions of BinDawood and Danube, saving of utility costs due to implementation of energy saving solutions and a reduction in business travel expenses resulting from a decline in usage of private plane for official purpose by the shareholders; partially offset by an increase in Iqama cost by the Government. In contrast, general and administration expenses increased by 3.0% to SAR 130.9 million in 2019G compared to 2018G. This was mainly driven by an increase in employee costs due to the hiring of senior management personnel and an increase in repair and maintenance costs reflecting a one-time consulting fee to implement an upgrade to the Oracle system, along with an increase in insurance expenses, in addition to depreciation on leased assets which was recorded during 2019G only (upon adoption of IFRS 16). This was partially offset by a decline in management remuneration by 44.3% as the Chairman relinquished his executive role alongside a decline in rent expenses by 76.8% (upon adoption of IFRS 16) in 2019G.

Other operating income mainly refers to shop rental income which is generated from other third-party retailers who rent space form the Company inside the stores. This is a contractual income generated through long term contracts. This was recorded under gandola income during 2017G and therefore appears nil during this year. Other operating income declined by 12.3% from SAR 13.0 million in 2018G to SAR 11.4 million in 2019G. This was mainly driven by the decline in shop rental income due to the overall decline in rent rates in 2019G, reflecting real estate market conditions in Saudi Arabia.

Gandola income (excluding shop rentals generated from other third-party retailers who rent space from the Company inside the stores) represents income generated from recurring or one-time shelf rent provided by suppliers for the placement of their respective products in the store. In addition, it also includes one-time fee charged by the Company to suppliers upon opening a new store. Gandola income (excluding shop rentals) was reclassified into Supplier Support Incentive under cost of revenue, from 2018G onwards. Gandola income generated from top 25 suppliers accounted for 43.8% of the total gandola income in 2019G.

Finance cost on lease liabilities refers to interest on lease liabilities which was recorded in the Company's balance sheet as at 31 December 2019G upon adoption of IFRS 16.

Other income includes sale of empty cartons, scrap sales and unclaimed aged payables alongside foreign exchange gains and early payment discounts from suppliers (during 2017G only). Other income decreased by 54.1% from SAR 14.4 million in 2017G to SAR 6.6 million in 2018G mainly due to reclassification of early payment discounts from other income to cost of revenue. Other income increased by 18.8% to SAR 7.9 million in 2019G compared to 2018G. This was primarily driven by an increase in miscellaneous income during 2019G on account of higher sales of empty cartons and higher amount of write-back of aged payables over 4 years, in accordance with Company policy.

Gross profit margin (as adjusted) increased from 32.4% to 34.1% in 2018G, whereas, Gross profit margin, based on financial statements, increased from 21.1% in 2017G to 34.1% in 2018G mainly due to reclassification of gandola income (excluding shop rentals) and early payment discounts (under other income) in 2017G to the cost of revenue line in 2018G. The gross profit margin in 2019G of 34.0%, was broadly in line with 2018G. Company's high gross margins were driven by the discontinuation of bulk sales, better inventory management (resulting in low inventory wastage and inventory shrinkage), in addition to having very limited private label products for pilgrims at Haramain stores. encouraging suppliers to invest more with the Company. Moreover, high margins are also attributable to wide range of offerings in SKUs to customers through better assortment and product mix; and customer centric approach.

As a result of the adjustments made for Gandola income (excluding shop rentals) and early payment discount in 2019G (consequently in comparative financial information for 2018G) to the cost of revenue, both BinDawood and Danube showed an increase in gross profit margin. However, if these aforementioned adjustments were not made, the gross profit margins of BinDawood and Danube would show a decline (0.5% in BinDawood from 2017G to 2018G; and 1.9% in Danube from 2017G to 2018G). This was mainly due to company's strategy to focus more on FMCG products through promotional offers to customers which were not fully compensated by suppliers. These promotions were offered in order to gain market share, attain customer loyalty and minimize the impact on customer basket size following discontinuation of wholesales from certain stores and its impact on overall sales. However, this decline in gross profit margin (prior to adjustments) was compensated by suppliers through Supplier Support Incentive, which is considered as part of product cost by the Company. The Company's operating margin increased from 8.4% in 2017G to 8.6% in 2018G mainly due to reclassification of foreign exchange gains and early payment discounts from suppliers from other income in 2017G to cost of revenue 2018G onwards. Operating margin increased to 10.7% in 2019G compared to 2018G. This mainly resulted from a decline in selling and distribution expenses for reasons mentioned earlier mainly due to impact of adopting IFRS 16.

The Company's net profit margin remained stable during 2017G, 2018G and 2019G.

The number of transactions decreased by 3.0% from 52.2 million transactions in 2017G to 50.6 million transactions in 2018G. Average basket size decreased by 1.5% from SAR 91.4 in 2017G to SAR 90.0 in 2018G. The aforementioned were mainly due to management's decision to discontinue bulk sales from BinDawood as well as other initiatives (as mentioned above). Additionally, growth in sales was also impacted by a general slowdown in the Saudi economy and new government measures such as the introduction of a VAT and dependent fee, all of which affected the disposable income of consumers. The number of transactions further decreased by 8.2% to 46.4 million transactions in 2019G compared to 2018G. In contrast, average basket size increased by 15.9% to SAR 104.3 in 2019G compared to 2018G. This was mainly driven by an increase in customer engagement through various promotional festivals (including Chocolate Festival, Coffee Festival, Italian Festival, Home Sweet Home Festival, Mom Festival, Tea Festival, Summer Festival, Baby Care Festival) held during 2019G. In addition, this growth was attributable to an increase in the household income of the Saudi population in the metropolitan cities owing partially to an increase in female employments levels.

6.5.1.1 Revenue

6.5.1.1.1 Revenue by Subsidiary

Table (6-4): Consolidated revenue by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	1,703.7	1,546.0	1,733.4	(9.3%)	12.1%	0.9%
Danube	2,837.5	2,783.6	3,110.4	(1.9%)	11.7%	4.7%
Danube Star	225.1	224.5	78.4	(0.3%)	(65.1%)	(41.0%)
Sub total	4,766.3	4,554.2	4,922.2	(4.5%)	8.1%	1.6%
Consolidation adjustment	-	-	(78.4)	-	-	-
Total	**4,766.3**	**4,554.2**	**4,843.8**	**(4.5%)**	**6.4%**	**0.8%**

Source: Company information.

Note 1: Consolidation adjustment in 2019G for sales represented inter company sales made by Danube Star to BinDawood and Danube.

Note 2: BinDawood's revenue post allocation of relevant bakery revenue from Danube Star and relevant meat revenue from Danube amounts to SAR 1,832.4 million in 2017G and SAR 1,674.6 million in 2018G.

Note 3: Danube's revenue post allocation of relevant bakery revenue from Danube Star amounts to SAR 2,933.9 million in 2017G and SAR 2,879.6 million in 2018G.

Note 4: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

The Company principally generates its revenue from selling food and non-food products through its grocery retail network of Danube and BinDawood stores.

BinDawood's revenue decreased by 9.3% from SAR 1,703.7 million in 2017G to SAR 1,546.0 million in 2018G. This was largely due to a decline in the number of transactions by 8.2% in 2018G as a result of: (i) management's decision to discontinue bulk sale business; (ii) a decline in sales of perishables and nuts (fruit and vegetable sales) driven by management's decision to only purchase goods from accredited suppliers; and (iii) construction work in the holy cities of Makkah and Madinah which negatively impacted the number of Umrah and Hajj visas issued by the government and resulted in a reduction in the number of pilgrims in 2018G. In addition, BinDawood's revenue growth was also impacted by a decline in LFL sales of mature stores due to (i) the impact of the economic slowdown and an increase in cost of living, thus reducing the purchasing power of consumers; (ii) the introduction of a dependents' tax by the Government on expatriates, which resulted in a mass exodus from the KSA of low to medium income level expatriates, (iii) the introduction of a VAT which increased the prices of products for end consumers leading to a decline in 2018G sales. In contrast. BinDawood's revenue grew by 12.1% to SAR 1,733.4 million in 2019G compared to 2018G. This increase was due to BinDawood's strategic decision to focus on qualitative retail customers by ceasing bulk sales as mentioned above, running more festivals; the full year impact on revenue generated from stores opened in 2018G; and the new BinDawood store which opened in Taif during 2019G. In addition, sales of bakery products from Danube Star, which were previously recorded under Danube Star, were recorded in the respective BinDawood stores starting from 2019G; similarly meat sales pertaining to certain BinDawood stores were re-allocated from Danube to BinDawood's revenue in 2019G. Further, BinDawood's revenue in 2019G also increased due to an increase in the number of pilgrims visiting Makkah and Madinah.

Danube's revenue decreased by 1.9% from SAR 2,837.5 million in 2017G to SAR 2,783.6 million in 2018G. This was primarily due to a decline in the average basket size by 3.0% in 2018G resulting from the Company's strategy to halt the sale of high-priced electronic products with low margins in addition to management's decision to only purchase perishable and nuts (mainly fruit and vegetables) goods from accredited suppliers and store specific reasons as mentioned below in store performance section. Further, Danube's revenue growth was also impacted by a decline in LFL sales of mature stores due to a general economic slowdown and an increase in the cost of living which affected the purchasing power (for the reasons explained above) of medium to high income level customers. In contrast, Danube's revenue increased by 11.7% to SAR 3,110.4 million in 2019G compared to 2018G. This was mainly attributable to the full year impact on revenue generated from stores opened in 2018G, as well as the new Danube store which opened in Taif during 2019G. In addition, sales of bakery products from Danube Star, which were previously recorded under Danube Star, were recorded in the respective Danube stores starting from 2019G which was partially offset by the re-allocation of meat sales pertaining to BinDawood from Danube in 2019G. Moreover, sales growth in 2019G was also attributable to an increase in online sales, driven by an expansion of Danube's geographical reach served through the online app.

The increase in revenue for both BinDawood and Danube during 2019G was also driven in part by an increase in the frequency of promotional festivals taking place in their stores from 35 in 2018G to more than 40 in 2019G, which were focused on the FMCG / Grocery department and which contributed to higher sales (e.g. Chocolate Festival, Coffee Festival, Italian Festival, Home Sweet Home Festival, Mom Festival, Tea Festival, Summer Festival, Baby Care Festival etc.).

There was no significant variance noted in Danube Star's revenue between 2017G and 2018G. However, growth of Danube Star revenues was impacted due to the macroeconomic reasons highlighted above. 75.6% and 75.8% of Danube Star's revenue was generated from Danube stores in 2017G and 2018G, respectively, whilst 24.4% and 24.2% of Danube Star's revenue was generated from BinDawood stores in 2017G and 2018G, respectively. Danube Star's revenue declined by 65.1% to SAR 78.4 million in 2019G compared to 2018G as the Company started recording end-consumer sales of bakery products (including third party bakery products) in their respective stores, either BinDawood or Danube. Sales generated by Danube Star in 2019G represented sales of bakery products manufactured by Danube Star to BinDawood and Danube at 5.0% compensation rate under an inter-company agreement between the parties, effective from 1 January 2019G.

6.5.1.1.2 Revenue by product category

Table (6-5): Consolidated revenue by product category

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Grocery / FMCG	2,684.3	2,662.5	2,897.3	(0.8%)	8.8%	3.9%
Non – Food	795.1	646.3	682.4	(18.7%)	5.6%	(7.4%)
Fresh Food	1,286.9	1,245.3	1,264.1	(3.2%)	1.5%	(0.9%)
Total	**4,766.3**	**4,554.2**	**4,843.8**	**(4.5%)**	**6.4%**	**0.8%**

Source: Company information.

Note: During 2019G following reallocations of revenue were made in the Fresh Food category i) bakery revenue from Danube Star was allocated to BinDawood and Danube, depending on the value of sales of bakery products made from these stores which was previously recorded as part of Danube Star in 2017G and 2018G ii) meat revenue generated from BinDawood stores was reallocated to BinDawood which was previously recorded in Danube in 2017G and 2018G. However, the aforementioned reallocations of revenue do not have an impact either on the consolidated revenue at product category level or on overall total consolidated revenue in 2019G since these reallocations were made on a Subsidiary level and not on product category level.

A majority of the consolidated revenue is attributable to Grocery / FMCG products (broadly including dairy, hygiene, cleaning and personal care products). This product category accounted for 56.3%, 58.5% and 59.8% of total consolidated revenue in 2017G, 2018G and 2019G, respectively. Grocery / FMCG product revenue decreased by 0.8% from SAR 2,684.3 million in 2017G to SAR 2,662.5 million in 2018G. This was predominantly driven by a decrease of 8.0% in revenue of BinDawood under this product category due to the discontinuation of bulk sales from stores and the decline in expatriate population and consumer spending. However, this decrease was somewhat offset by a 3.8% increase in Danube's FMCG sales, which was due to the change in focus from non-food to FMCG, in addition to opening four new Danube stores during 2018G. In contrast, Grocery / FMCG products' revenue increased by 8.8% to SAR 2,897.3 million in 2019G compared to 2018G. This was mainly attributable to an increase in Danube's revenue from Grocery / FMCG products by 11.6% in 2019G mainly as a result of various promotional festivals held which were focused on the Grocery / FMCG department such as Italian Festival, Barbeque Festival and Chocolate festivals, Home Sweet Home Festival, Mom Festival, Tea Festival, Summer Festival, Baby Care Festival introduced in stores during 2019G. In addition, BinDawood's revenue from this product category grew by 4.0% in 2019G reflecting the full year impact of revenue associated with Grocery / FMCG revenue from the Al Shoqia store in Makkah, in addition to Grocery / FMCG revenue generated from BinDawood's new store, BinJuma in Taif, which opened during 2019G.

Non-food products mainly represent home electronics, garments, linens and other household items. Revenue generated from selling non-food products decreased by 18.7% from SAR 795.1 million in 2017G to SAR 646.3 million in 2018G. Both BinDawood and Danube experienced a decrease in revenue under this product category in 2018G as a result of lower focus on non-food (electronic product) sales as well as a decline in expatriate population and consumer spending, since this department is most susceptible to the economic conditions and changes in consumer purchasing power. In contrast, non-food products' revenue grew by 5.6% to SAR 682.4 million in 2019G compared to 2018G. This was mainly driven by liquidation of old stock of household items, garments as well as Delsey bags through increased promotions and enhanced sales strategies during 2019G.

Fresh food mainly pertains to perishable and nuts (mainly fruit, vegetable, dates and nuts), meat and fish products along with bakery products. Revenue generated from selling fresh food products decreased by 3.2% from SAR 1,286.9 million in 2017G to SAR 1,245.3 million in 2018G. This decline was mainly attributable to a decline in perishable and nuts revenue driven by management's decision to only purchase goods from accredited suppliers; putting in place quality controls, which resulted in delisting of products from certain suppliers; and from an overall economic slowdown in 2018G. In contrast, fresh food's revenue grew by 1.5% to SAR 1,264.1 million in 2019G compared to 2018G. This was mainly driven by an increase in revenue generated from meat and fish sales reflecting the full year impact of revenue from stores opened during 2018G, in addition to revenue generated from new stores opened during 2019G.

6.5.1.1.3 Revenue by store type

Table (6-6): Consolidated revenue by store type

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood						
Hypermarket	1,027.4	873.5	981.0	(15.0%)	12.3%	(2.3%)
Supermarket*	676.3	672.5	752.4	(0.6%)	11.9%	5.5%
Total	**1,703.7**	**1,546.0**	**1,733.4**	**(9.3%)**	**12.1%**	**0.9%**
Danube						
Hypermarket	2,559.5	2,494.6	2,868.0	(2.5%)	15.0%	5.9%
Supermarket**	203.6	214.6	242.3	5.4%	12.9%	9.1%
Others (mainly BinDawood meat sales)	74.4	74.4	-	0.1%	(100.0%)	(100.0%)
Total	**2,837.5**	**2,783.6**	**3,110.4**	**(1.9%)**	**11.7%**	**4.7%**
Danube Star	225.1	224.5	-	(0.3%)	(100.0%)	(100.0%)
Total	**4,766.3**	**4,554.2**	**4,843.8**	**(4.5%)**	**6.4%**	**0.8%**

Source: Company information.

*Note *: BinDawood Supermarket also includes sales from caterers and bulk sales made directly from the Company's warehouse.*

*Note **: Danube Supermarket also includes the Haramain express outlet.*

BinDawood operates a network of Hypermarket and Supermarket grocery retail outlets. Hypermarkets and Supermarkets are classified on the basis of store area size. Hypermarkets also have a more elaborate selection of non-food products, including household items, consumer electronics, appliances, toys and garments, in comparison with Supermarkets. BinDawoods' meat sales were previously recorded under Danube until 2018G, however, these were subsequently recorded under the respective BinDawood stores in 2019G.

BinDawood's Hypermarkets accounted for 60.3%, 56.5% and 56.6% of BinDawood's total revenue in 2017G, 2018G and 2019G, respectively. BinDawood's Hypermarkets' revenue decreased by 15.0% from SAR 1,027.4 million during 2017G to SAR 873.5 million in 2018G. This was primarily driven by a decline in the number of transactions as a result of the discontinuation of bulk sales from stores and lower perishable and nuts (fruit and vegetable) sales as explained earlier. Additionally, decrease in BinDawood's Hypermarkets' revenue was also attributable to introduction of dependent levy for expatriates which had a declining impact on the total number of expatriates living in KSA. In contrast, BinDawood's Hypermarkets' revenue increased by 12.3% to SAR 981.0 million in 2019G compared to 2018G. This was mainly due to sales generated from the new BinDawood store in Taif which opened during 2019G, as well as an increase in the number of pilgrims visiting Makkah and Madinah and an increase in the number of promotional festivals held at stores during the year. In addition, sales of bakery products from Danube Star, which were previously recorded under Danube Star, were recorded in the respective BinDawood hypermarket stores starting from 2019G. Additionally, the increase in revenue in 2019G was due to the re-allocation of meat sales pertaining to certain BinDawood Hypermarket stores from Danube's other revenue to BinDawood's hypermarket revenue in 2019G.

BinDawood's Supermarkets accounted for 39.7%, 43.5% and 43.4% of BinDawood's total revenue during 2017G, 2018G and 2019G, respectively. BinDawood's Supermarkets' revenue declined by 0.6% from SAR 676.3 million in 2017G to SAR 672.5 million in 2018G. Despite an increase in revenue from BinDawood's two newly opened stores in 2018G (Al Falah and Shogia stores) and an improvement in FMCG sales driven by promotional offerings, which generated higher footfall throughout the year, BinDawood's supermarket witnessed a decline in 2018G as a result of a relatively lower LFL growth in BinDawood's mature supermarkets reflecting a slowdown in the economy witnessed during 2018G. In contrast, BinDawood's Supermarkets' revenue grew by 11.9% to SAR 752,4 million in 2019G compared to 2018G. This increase was primarily driven by the full year impact on sales generated from Al Shoqia store in Makkah and Al Falah store in Jeddah which opened during the second half of 2018G, as well as the positive impact on revenue due to an increase in the number of pilgrims visiting Makkah and Madinah as well as an increase in the number of promotional festivals held at stores during the year. In addition, sales of bakery products from Danube Star, which were previously recorded under Danube Star, were recorded in the respective BinDawood supermarket stores starting from 2019G. Additionally, the increase in revenue in 2019G was due to the re-allocation of meat sales pertaining to certain BinDawood supermarket stores from Danube's other revenue to BinDawood's supermarket revenue in 2019G.

Danube operates a network of Hypermarket and Supermarket grocery retail outlets. 'Other' refers to revenue generated from meat sales from BinDawood stores until 2018G. In 2019G, the Company re-allocated this revenue to the respective BinDawood stores, reducing Danube's 'Other' revenues to nil.

Danube's Hypermarkets accounted for 90.2%, 89.6% and 92.2% of Danube's total revenue in 2017G, 2018G and 2019G, respectively. Danube's Hypermarkets' revenue decreased by 2.5% from SAR 2,559.5 million in 2017G to SAR 2,494.6 million in 2018G. This was primarily due to management's decision to halt high priced, low-margin electronics sales, coupled with a decline in perishables and nuts sales (mainly fruits and vegetables) driven by management's decision to only purchase goods from accredited suppliers. Additionally, lower revenue of Danube's Hypermarkets in 2018G was attributable to lower consumer traffic in two Danube stores. In contrast, Danube's Hypermarkets' revenue increased by 15.0% to SAR 2,868.0 million in 2019G compared to 2018G. This was mainly attributable to the introduction of a new Danube store in Taif during 2019G, as well as the full year revenue impact of Tahlia 2 store in Jeddah which opened during 2018G and an increase in sales from both the Red Sea Mall store in Jeddah (reflecting the opening of a new cinema which increased footfall in the mall and an increase in promotional festivals held at and around the store during the year) and Hayat Mall store in Riyadh (due to multiple festivals held at the store during the year). Further, Danube's hypermarket revenue also increased in 2019G as bakery sales previously attributed to Danube Star revenues were re-allocated to the respective Danube stores through which the sales were made.

Danube's Supermarkets accounted for 7.2%, 7.7% and 7.8% of Danube's total revenue in 2017G, 2018G and 2019G, respectively. Danube's Supermarkets' revenue increased by 5.4% from SAR 203.6 million in 2017G to SAR 214.6 million in 2018G. This was mainly driven by the opening of 1 new store in 2018G, in addition to a boost in FMCG sales driven by offering of promotions, and thus generating higher footfall throughout the year. Danube's Supermarkets' revenue further grew by 12.9% to SAR 242.3 million in 2019G compared to 2018G. This was primarily due to an increase in the number of promotional festivals held at stores during the year. In addition, sales of bakery products from Danube Star, which were previously recorded under Danube Star, were recorded in the respective Danube supermarket stores starting from 2019G.

6.5.1.1.4 Revenue by location

Table (6-7): BinDawood revenue by location

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Western	1,772.3	1,623.5	1,681.2	(8.4%)	3.6%	(2.6%)
Southern	60.1	51.1	52.2	(14.9%)	2.1%	(6.8%)
Total	**1,832.3**	**1,674.6**	**1,733.4**	**(8.6%)**	**3.5%**	**(2.7%)**

Source: Company information.

Note: Revenue numbers for 2017G and 2018G were adjusted retrospectively for the following in order to present information comparable to 2019G: i) allocation of bakery revenue to BinDawood previously recorded in Danube Star in 2017G and 2018G ii) allocation of meat revenue to BinDawood which was previously recorded in Danube in 2017G and 2018G.

Revenue generated by BinDawood stores from the western region decreased by 8.4% from SAR 1,772.3 million in 2017G to SAR 1,623.5 million in 2018G. This was primarily due to construction work in the holy cities of

Makkah and Madinah which negatively impacted the number of Umrah and Hajj visas and resulted in a reduction in the number of pilgrims in 2018G. In addition, revenue from the Kaakia and Shisha stores declined by 16.7% and 14.5%, respectively. Decline in revenue from the Kaakia store resulted from management's decision to discontinue bulk sales from this store, whereas revenue decline from the Shisha store was attributable to a change in government measures which required the Hajj operators to provide an increased level of food and non-food provisions to the pilgrims. In contrast, revenue generated by BinDawood stores increased by 3.6% to SAR 1,681.2 million in 2019G compared to 2018G. This was mainly attributable to increase in the number of pilgrims visiting Makkah and Madinah as well as the positive impact on revenue after halting the bulk sales business the prior year.

Revenue generated by BinDawood stores from the southern region decreased by 14.9% from SAR 60.1 million in 2017G to SAR 51.1 million in 2018G. This was primarily due to cross-border artillery activity in Khamis Mushait from the war in Yemen which negatively impacted the revenue. In contrast, revenue generated by BinDawood stores from the southern region did not witness significant fluctuation in 2019G compared to 2018G.

Table (6-8): Danube revenue by location

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Western	1,286.0	1,205.5	1,347.8	(6.3%)	11.8%	2.4%
Central	1,009.5	1,038.3	1,107.0	2.9%	6.6%	4.7%
Eastern	450.0	466.4	477.3	3.7%	2.3%	3.0%
Southern	188.4	169.3	178.4	(10.1%)	5.3%	(2.7%)
Total	**2,933.9**	**2,879.6**	**3,110.4**	**(1.9%)**	**8.0%**	**3.0%**

Source: Company information.

Note: Revenue numbers for 2017G and 2018G were adjusted retrospectively for the following in order to present information comparable to 2019G: i) allocation of bakery sales to Danube previously recorded in Danube Star ii) allocation of meat revenue to BinDawood which was previously recorded in Danube.

Revenue generated by Danube stores from the western region decreased by 6.3% from SAR 1,286.0 million in 2017G to SAR 1,205.5 million in 2018G. This was primarily driven by reduced consumer traffic which resulted in lower sales from Arbaeen and Serafi stores in 2018G impacted by road works around its premises and a decline in the popularity of Serafi Mall as a whole, respectively. In contrast, revenue generated by Danube stores from the western region increased by 11.8% to SAR 1,347.8 million in 2019G compared to 2018G. This was mainly attributable to a general improvement of macroeconomic conditions in Saudi Arabia, in addition to an increase in the household income of the Saudi population in the metropolitan cities owing to an increase in female employment. Further, it was also attributable to first store introduced in Taif in 2019G and various promotional festivals held at stores (including Chocolate Festival, Summer Festival, Baby Care Festival, Cooking Festival, Mom Festival, Coffee Festival, Fitness & Health Festival).

Revenue generated by Danube stores from the central region increased by 2.9% from SAR 1,009.5 million in 2017G to SAR 1,038.3 million in 2018G. This was mainly driven by one new store opening during 2018G, in addition to full year impact of revenues generated from six new stores, which opened during 2017G, reflected in 2018G. Revenue generated by Danube stores from central region further grew by 6.6% to SAR 1,107.0 million in 2019G compared to 2018G. This was mainly attributable to progress towards conclusion of the Riyadh metro resulting in relatively lower traffic disruption compared to previous years which in turn facilitated access to various stores for customers. In addition, revenue increase resulted from various promotional festivals held at stores (including Chocolate Festival, Summer Festival, Baby Care Festival. Cooking Festival, Mom Festival, Coffee Festival, Fitness & Health Festival).

Revenue generated by Danube stores from the eastern region increased by 3.7% from SAR 450.0 million in 2017G to SAR 466.4 million in 2018G. This was primarily due to first store introduced in a new city in the eastern region in 2018G. Revenue generated by Danube stores from the eastern region did not witness significant fluctuation in 2019G compared to 2018G.

Revenue generated by Danube stores from the southern region decreased by 10.1% from SAR 188.4 million in 2017G to SAR 169.3 million in 2018G. This was primarily due to cross-border artillery activity in Khamis from the war in Yemen. In contrast, revenue generated by Danube stores from the southern region increased by 5.3% to SAR 178.4 million in 2019G compared to 2018G. This was mainly attributable to full year impact of a new store introduced in 2018G, reflected in 2019G.

6.5.1.1.5 Store performance

Revenues from BinDawood's top ten revenue generating stores of 2019G constituted 64.3%, 60.4% and 58.0% of BinDawood's total revenue in 2017G, 2018G and 2019G, respectively (adjusting for bakery and meat revenue allocation for 2017G and 2018G). Total revenue from BinDawood's top 10 revenue generating stores of 2019G decreased by 14.1% from SAR 1,178.7 million in 2017G to SAR 1,012.0 million in 2018G. This was mainly due to discontinuation of bulk sales and lower perishables and nuts sales (fruit and vegetable) as explained earlier. In contrast, total revenue from BinDawood's top ten revenue generating stores of 2019G (amounting to SAR 1,004.7 million) did not witness major fluctuation in 2019G compared to 2018G.

Revenues from Danube's top ten revenue generating stores of 2019G constituted 51.5%, 48.9% and 49.0% of Danube's total revenue in 2017G, 2018G and 2019G, respectively (adjusting for bakery and meat revenue allocation for 2017G and 2018G). Revenue from Danube's top 10 revenue generating stores of 2019G decreased by 6.7% from SAR 1,511.5 million in 2017G to SAR 1,409.5 million in 2018G. This was mainly due to management's decision to discontinue electronic products' sales and lower perishables and nuts sales (fruit and vegetable) as explained earlier. In contrast, total revenue from Danube's top ten revenue generating stores of 2019G grew by 8.1% to SAR 1,523.9 million in 2019G compared to 2018G. This was primarily due to an increase in the number of promotional festivals held at stores during the year. The increase in revenue was also attributable to the full year impact on revenue from Tahlia 2 store which opened during 2018G.

Additionally, the following stores had relatively lower performance compared to their counterparts in 2019G:

- **Aya Mall (BinDawood)**: The Aya Mall store is located in the North of Jeddah, which is generally associated with a relatively lower footfall given the non-branded stores in the mall. This had an impact on the store's revenues, particularly since it is located on the first floor, which witnesses a lower footfall in general.
- **Heraa (BinDawood)**: This store is located on a busy street in Jeddah. The Company made bulk sales from this store until 2017G, after which the management decided to discontinue bulk sales during 2018G to improve the store's margins. Further, low sales were also attributable to an elaborate non-food section on the first floor, which generated low sales.
- **Bin Jelala-2 (BinDawood)**: This store is located in the suburban area of Khamis Mushait. The area where this store is located has a relatively lower population as compared to the center of the city. This area is under development and is expected to be populated in the near future which may have a positive impact on the future financial performance of this store.
- **Al Kharj (Danube)**: Al Kharj store is located outside the periphery of Riyadh. A neighbourhood was developing around the store area, which was expected to generate a high sales revenue for the store. However, the planned development of that area did not develop as fast as expected, which had an impact on the performance of the store.
- **Jummah (Danube)**: The Jummah store is located in a commercial area in Khobar / Dammam. This store has two floors with non-food section on the top floor and all the other sections on the ground floor. Due to the lower visibility of the non-food section, the footfall and sales of the first floor is very low which impacts the total revenue of this store. Therefore, the total revenue of this store is not proportionate to its total store area.
- **Salmaniyah (Danube)**: This store is located in a commercial plaza called Salmaniyah in Al Ahsa, with a number of cafes and restaurants located next to this store. The performance of this store was affected by the suspension of diplomatic relations with Qatar since a considerable portion of sales for this store were generated from consumers from Qatar due to its proximity to Al Ahsa region.

The Company intends to introduce more effective promotions, seek additional supplier support, resize the stores and undertake marketing initiatives to address the performance of the aforementioned stores for Danube and BinDawood.

Table (6-9): Proportion of revenue generated by top ten stores of 2019G (consolidated)

SAR'm	Financial year ended 31 Dec		
	2017G	2018G	2019G
Store 1	4.4%	4.4%	4.8%
Store 2	4.4%	3.8%	4.3%
Store 3	3.5%	3.2%	3.2%
Store 4	3.4%	3.2%	3.1%
Store 5	3.4%	3.2%	3.1%
Store 6	3.5%	3.2%	3.0%
Store 7	3.7%	3.3%	2.9%
Store 8	0.0%	1.8%	2.6%
Store 9	2.7%	2.6%	2.5%
Store 10	3.6%	3.0%	2.5%
Top ten stores	32.6%	31.6%	31.9%
Others	67.4%	68.4%	68.1%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Company information.

Revenue generated from top ten BinDawood and Danube stores of 2019G accounted for 32.6%, 31.6% and 31.9% of total consolidated revenue of the Company in 2017G, 2018G and 2019G, respectively (adjusting for bakery and meat revenue allocation for 2017G and 2018G). These top ten stores mainly represented Hypermarkets based in the Western and Central regions of KSA. Proportion of total consolidated revenue generated by these top ten stores decreased from 32.6% in 2017G to 31.6% in 2018G. This was mainly attributable to a decline in the revenue of these stores in 2018G which was partially offset by a new store introduced in the Western region accounting for 1.8% of the total revenue generated in 2018G. The proportion of sales from this store to the total sales in 2019G further increased to 2.6% on account of a full year revenue impact in 2019G during the ramp-up phase of this store. This increase was partially offset by decline in the proportion of sales attributable to some of the other stores in 2019G.

6.5.1.1.6 Online sales

Table (6-10): Consolidated online sales

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Total online sales	11.2	33.1	62.4	196.0%	88.7%	136.3%

Source: Company information.

The Company launched its online delivery services through Danube's app during 2017G. Online sales increased by 196.0% from SAR 11.2 million in 2017G to SAR 33.1 million in 2018G, and further grew by 88.7% to SAR 62.4 million in 2019G. The growth in online sales through the app during 2018G and 2019G was mainly driven by an increased awareness of Danube's online delivery services mainly through digital marketing as well as in-store advertising, in addition to an increase in the number of locations which facilitate online sales, as currently orders are supplied through only certain Danube stores. Going forward, the Company plans on increasing the number of stores supplying online orders. Further, BinDawood launched its own online delivery services app during 2019G, which also contributed to the online sales generated during 2019G.

Both Danube and BinDawood have entered into a legal arrangement dated 18 December 2019G with International Application Trading Company which governs the online sales through the application at an arm's length, effective from 01 January 2020G.

For further details, refer to Section 12-7-4 ("**Services Agreement with International Application Trading Company**") of the prospectus.

6.5.1.1.7 Vintage analysis

Table (6-11): Consolidated revenue vintage analysis

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood and Danube						
Existing stores	4,439.9	3,819.8	3,882.5	(14.0%)	1.6%	(6.5%)
Stores opened in 2017G	326.4	544.6	568.1	66.9%	4.3%	31.9%
Stores opened in 2018G	-	189.7	284.4	N/A	49.9%	N/A
Stores opened in 2019G	-	-	108.8	N/A	N/A	N/A
Total	**4,766.3**	**4,554.2**	**4,843.8**	**(4.5%)**	**6.4%**	**0.8%**
Number of new stores opened	**13**	**6**	**2**			

Source: Company information.

Note: The numbers presented in this table are post allocation of bakery sales from Danube Star to respective BinDawood and Danube stores and reallocation of meat sales pertaining to BinDawood to its respective stores from Danube in 2017G and 2018G

Consolidated revenue from existing stores (operational before 2017G) decreased by 14.0% from SAR 4,439.9 million in 2017G to SAR 3,819.8 million in 2018G. This was mainly due to management's decision to halt high priced electronic products' sales with low margins at Danube, discontinuation of bulk sales from BinDawood stores and management's decision to only deal with accredited suppliers for perishables and nuts (fruit and vegetable) in both Danube and BinDawood stores. Further, the revenue decline of existing stores was also as a result of low performing stores under BinDawood (Bin Jelala-2, Aya Mall and Heraa) and Danube (Al Kharj, Salmaniyah and Jummah) for reasons mentioned earlier. In contrast, consolidated revenue from existing stores increased by 1.6% to SAR 3,882.5 million in 2019G compared to 2018G. This was primarily attributable to an increase in the number of pilgrims visiting Makkah and Madinah during 2019G as well as an increase in the number of promotional festivals held at Danube and BinDawood stores during the year.

Consolidated revenue from stores that opened in 2017G increased by 66.9% from SAR 326.4 million in 2017G to SAR 544.6 million in 2018G. This was mainly due to full year impact of stores opened during 2017G (13 stores). Revenue from stores opened in 2017G further increased by 4.3% to SAR 568.1 million in 2019G compared to 2018G. This was mainly attributable to an increase in the number of pilgrims visiting Makkah and Madinah during 2019G as well as an increase in the number of promotional festivals held at Danube and BinDawood stores during the year. Growth in revenue from stores opened in 2017G during 2019G was partially offset by decline in sales of two stores of BinDawood opened in 2017G.

Consolidated revenue from stores that opened in 2018G increased by 49.9% from SAR 189.7 million in 2018G to SAR 284.4 million in 2019G. This increase was mainly due to an increase in the number of promotional festivals held at Danube and BinDawood stores during the year, in addition to the full year impact of stores opened during 2018G (6 stores).

Newly opened stores usually have a ramp-up period ranging from 6 month to 3 years; depending upon various factors that include location, format, size, population in immediate vicinity. The stores which opened in 2017G, 2018G and 2019G are not operating at full capacity as at the date of this prospectus.

6.5.1.2 Cost of revenue

6.5.1.2.1 Cost of revenue by Subsidiary

Table (6-12): Consolidated cost of revenue by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	1,335.4	1,010.2	1,120.2	(24.4%)	10.9%	(8.4%)
Danube	2,303.2	1,865.6	2,087.8	(19.0%)	11.9%	(4.8%)
Danube Star	124.0	125.4	72.1	1.1%	(42.6%)	(23.8%)
Sub total	3,762.7	3,001.3	3,280.0	(20.2%)	9.3%	(6.6%)
Consolidation adjustment	-	-	(80.8)			
Total	**3,762.7**	**3,001.3**	**3,199.2**	**(20.2%)**	**6.6%**	**(7.8%)**

Source: Company information.

Note: Consolidation adjustment in 2019G for cost of revenue mainly represented inter company sales made by Danube Star to BinDawood and Danube.

Cost of revenue primarily represented product cost in addition to other miscellaneous direct costs associated with packaging materials (net of early payment discounts, FX gains and Supplier Support Incentive in 2018G and 2019G only) as well as inventory shrinkage costs and inventory wastage costs.

The Company negotiates with its suppliers for both BinDawood and Danube on a consolidated basis. Cost of revenue of BinDawood declined by 24.4% from SAR 1,335.4 million in 2017G to SAR 1,010.2 million in 2018G. Similarly, cost of revenue of Danube declined by 19.0% from SAR 2,303.2 million in 2017G to SAR 1,865.6 million in 2018G. This was primarily attributable to a decline in revenue of both BinDawood and Danube; and reclassification of gandola income (excluding shop rentals) to Supplier Support Incentive under cost of revenue in 2018G.

As stated above, key factors for the revenue decline in 2018G for BinDawood was the discontinuation of bulk sales and for Danube was the discontinuation of high-priced electronics. The aforementioned decline in product costs was partially offset to higher inventory shrinkage and wastage resulting from an increase in the frequency of inventory counts due to a change in Company policy.

Supplier Support Incentive also increased as the purchasing departments of BinDawood and Danube were combined, enabling improved purchasing power and commercial terms. Supplier Support Incentive also increased in 2018G from the opening of 2 new BinDawood stores and 4 new Danube stores, as well as the full-year impact of previously opened stores. Cost of revenues for BinDawood increased by 10.9% to SAR 1,120.2 million as well as for Danube by 11.9% to SAR 2,087.8 million in 2019G compared to 2018G. These increases were mainly due to full year impact of stores introduced in 2018G and were in their ramp-up phase and new store openings (1 for each BinDawood and Danube) in 2019G as well as lower Gandola income generated due to a lower number of store openings in 2019G. The increase in cost of revenue in 2019G was offset partially by lower inventory wastage and shrinkage costs incurred during the year, as a result of stricter controls set in place by management on inventory items.

No material movement was noted in cost of revenue of Danube Star in 2018G compared to 2017G. In contrast, the decline in Danube Star cost of revenue by 42.6% from SAR 125.4 million in 2018G to SAR 72.1 million in 2019G was primarily attributable to reallocation of third-party bakery product sales to the respective BinDawood and Danube and thus related third-party cost being booked under the respective BinDawood and Danube stores. Cost of revenue of Danube Star in 2019G represented direct and indirect cost related to the bakery goods manufactured and sold to BinDawood and Danube, net off subsidy received by Danube Star from BinDawood and Danube.

6.5.1.2.2 Cost of revenue by component

Table (6-13): Consolidated cost of revenue by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Product cost	3,625.5	2,844.0	3,176.1	(21.6%)	11.7%	(6.4%)
Shrinkage	64.4	85.3	68.5	32.4%	(19.7%)	3.1%
Wastage	72.7	72.0	35.4	(0.9%)	(50.8%)	(30.2%)
Sub total	3,762.7	3,001.3	3,280.0	(20.2%)	9.3%	(6.6%)
Consolidation adjustment	-	-	(80.8)	-	-	-
Total	**3,762.7**	**3,001.3**	**3,199.2**	**(20.2%)**	**6.6%**	**(7.8%)**

Source: Company information.

Note 1: Product cost, net (2017G) = Gross product cost + Miscellaneous cost – Supplier Support Incentive (excluding gandola income)

Note 2: Product cost, net (2018G and 2019G) = Gross product cost + Miscellaneous cost – Supplier Support Incentive – Early payment discount - Foreign exchange gains

Note 3: Product cost as well as shrinkage and wastage numbers presented in the table above are prior to inter-company elimination adjustments

Note 4: Consolidation adjustment in 2019G for cost of revenue mainly represented inter company sales made by Danube Star to BinDawood and Danube.

Cost of revenue decreased by 20.2% from SAR 3,762.7 million in 2017G to SAR 3,001.3 million in 2018G. This was mainly due to a decrease in product cost which resulted from the overall decrease in revenue and the number of transactions for reasons explained earlier. This was slightly offset by higher inventory shrinkage and wastage recorded in 2018G (from SAR 137.1 million in 2017G to SAR 157.3 million in 2018G) resulting from the change to the Company's policy of conducting inventory counts. Whereas previously, the Company used to conduct annual inventory of newly opened stores in the subsequent year, beginning from 2018G, the Company changed its policy to conduct inventory within a year of opening new stores. In addition, the Company has started a physical stock take of fruit, vegetables, meat and fish on a monthly basis. The change of policy resulted in the recording of a one-time inventory shrinkage in 2018G for stores opened since 2017G. In addition, higher inventory shrinkage in 2018G mainly related to meat, fish and bakery product categories, due to elaborate displays of products made in new stores which had low turnover and therefore incurred higher inventory shrinkage compared to 2017G. Further, cost of revenue also decreased in 2018G as a result of the reclassification of gandola income excluding shop rentals (reported under separate line items in 2017G) and early payment discounts (reported under other income in 2017G) in cost of revenue. In contrast, cost of revenue grew by 6.6% to SAR 3,199.2 million in 2019G compared to 2018G. This was primarily attributable to an increase in revenue in 2019G significantly offset by lower inventory wastage and shrinkage costs (from SAR 157.3 million in 2018G to SAR 103.9 million in 2019G) incurred during the year, as a result of stricter controls put in place by management on inventory items.

Despite the decline in cost of revenue in 2018G, Supplier Support Incentive (part of which was reported under gandola income during 2017G) witnessed an increase in 2018G. This was mainly driven by better discounts achieved by meeting sales targets set by the suppliers upon combining the purchasing departments of Danube and BinDawood, thus obtaining better rates on a consolidated basis. In addition, the increase in Supplier Support Incentive was also due to an increase in total selling area from 319,456 square meters in 2017G to 341,306 square meters in 2018G and the full year impact of stores that opened in 2017G. Supplier Support Incentive further increased in 2019G compared to 2018G, reflecting a higher number of promotional festivals from 35 in 2018G to more than 40 in 2019G and promotional activities held at the stores during the year, in addition to the full year impact of Supplier Support Incentive from stores which opened during 2018G, as well as an increase in total selling area to 350,873 square meters in 2019G.

Supplier Support Incentive (which includes gandola income) is initially recognized on a monthly run rate basis as an estimate calculated from the annual Supplier Support Incentive generated in the previous year. This is because business development agreements with suppliers governing Supplier Support Incentive are finalized during the last quarter of the year. Following finalization of these agreements, Supplier Support Incentive is adjusted in the last quarter of the year based on the terms of the agreements signed with suppliers.

Cost of revenue as a percentage of revenue decreased from 78.9% in 2017G to 65.9% in 2018G largely because of higher Supplier Support Incentive despite higher promotions (mainly FMCG sales) which were aimed at generating footfall; alongside reclassifications of gandola income (excluding shop rentals) and early payment discounts (reported under other income) compared to 2017G. Cost of revenue as a percentage of revenue in 2019G which stood at 66.0%, was largely in line with 2018G.

Table (6-14): Proportion of gross purchases by top ten suppliers of 2019G(consolidated)

%	Financial year ended 31 Dec		
	2017G	2018G	2019G
Supplier 1	5.2%	5.4%	5.4%
Supplier 2	4.8%	3.7%	4.4%
Supplier 3	3.1%	3.7%	3.9%
Supplier 4	2.3%	2.5%	2.6%
Supplier 5	2.6%	2.4%	2.2%
Supplier 6	2.1%	2.0%	2.0%
Supplier 7	1.3%	1.4%	1.7%
Supplier 8	1.2%	1.3%	1.6%
Supplier 9	2.6%	2.3%	1.6%
Supplier 10	1.4%	1.3%	1.4%
Top ten suppliers	26.6%	26.0%	26.8%
Others	73.4%	74.0%	73.2%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Company information.

Note: Names of the suppliers have not been disclosed due to confidentiality reasons

Top ten suppliers of 2019G accounted for 26.6%, 26.0% and 26.8% of the total gross purchases made in 2017G, 2018G and 2019G, respectively. Top ten suppliers mainly represented suppliers of grocery / FMCG product category.

6.5.1.3 Gross Profit

6.5.1.3.1 Gross profit by Subsidiary

Table (6-15): Consolidated gross profit by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Gross profit						
BinDawood	368.3	535.8	613.2	45.5%	14.5%	29.0%
Danube	534.3	918.0	1,022.5	71.8%	11.4%	38.3%
Danube Star	101.1	99.1	6.3	(2.0%)	(93.6%)	(75.0%)
Sub total	1,003.6	1,552.9	1,642.1	54.7%	5.7%	27.9%
Consolidation adjustments	-	-	2.4	-	-	-
Total	**1,003.6**	**1,552.9**	**1,644.5**	**54.7%**	**5.9%**	**28.0%**
Gross profit margin (based on financial statements)						
BinDawood	21.6%	34.7%	35.4%	-	-	-
Danube	18.8%	33.0%	32.9%	-	-	-
Danube Star	44.9%	44.1%	8.1%	-	-	-
Gross profit margin (as adjusted)*						
BinDawood	30.9%	34.7%	35.4%	-	-	-
Danube	32.0%	33.0%	32.9%	-	-	-
Danube Star	49.8%	44.1%	8.1%	-	-	-

Source: Company information.

Note: Consolidation adjustment mainly represented rent adjustment for payment made by Danube Star to BinDawood and Danube for the use of space for their *operational facilities within certain stores.*

Note 1:Gross profit margin (as adjusted) - 2017G for BinDawood = [gross profit for the year of SAR 368.3 million + gandola income of SAR 170.4 million - shop rentals of SAR 15.8 million disclosed under gandola income in 2017G + early payment discount of SAR 2.7 million disclosed under other income in 2017G] / revenue for the year of SAR 1,703.7 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements)

Note 2: Gross profit margin (as adjusted) - 2017G for Danube = [gross profit for the year of SAR 534.3 million + gandola income of SAR 395.0 million - shop rentals of SAR 27.9 million disclosed under gandola income in 2017G + early payment discount of SAR 6.4 million disclosed under other income in 2017G] / revenue for the year of SAR 2,837.5 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements)

Note 3: Gross profit margin (as adjusted) - 2017G for Danube Star = [gross profit for the year of SAR 101.1 million + gandola income of SAR 10.9 million + early payment discount of SAR 0.1 million) disclosed under other income in 2017G] / revenue for the year of SAR 225.1 million. Gross profit margin (as adjusted) for 2018G and 2019G is calculated in the same manner as gross profit margin (based on financial statements)

Gross profit (based on financial statements) of BinDawood increased by 45.5% from SAR 368.3 million in 2017G to SAR 535.8 million in 2018G, whereas gross profit (based on financial statements) of Danube increased by 71.8% from SAR 534.3 million in 2017G to SAR 918.0 million in 2018G. In addition, gross profit margin (based on financial statements) of BinDawood increased from 21.6% in 2017G to 34.7% in 2018G. Similarly, gross profit margin (based on financial statements) of Danube increased from 18.8% in 2017G to 33.0% in 2018G. These increases were primarily attributable to reclassification of a part of Supplier Support Incentive from being recorded as a separate line item of the income statements in 2017G to offset from cost of revenue in 2018G. In comparison, gross profit and gross profit margin (based on financial statements) of Danube Star did not witness material movement between 2017G and 2018G. No material movement was noted in gross profit (based on financial statements) and gross profit margin (based on financial statements) of Danube Star between 2017G and 2018G.

Gross profit margin (as adjusted) of BinDawood increased from 30.9% in 2017G to 34.7% in 2018G. This was primarily attributable to management's decision to discontinue bulk sales from BinDawood stores. Gross profit margin (as adjusted) for Danube increased from 32.0% in 2017G to 33.0% in 2018G. This was primarily attributable to management's decision to halt sale of electronics in 2018G from Danube stores (as it was negatively impacting margins). In contrast, gross profit margin (as adjusted) for Danube Star declined from 49.8% in 2017G to 44.1% in 2018G. This was mainly due to higher inventory shrinkage recorded in 2018G due to elaborate displays of bakeries and from changes in the Company's policy to conduct inventory counts more frequently.

As a result of the adjustments made for Gandola income (excluding shop rentals) and early payment discount in 2019G (consequently in comparative financial information for 2018G) to the cost of revenue, both BinDawood and Danube showed an increase in gross profit margin. However, if these aforementioned adjustments were not made, the gross profit margins of BinDawood and Danube would show a decline (0.5% in BinDawood from 2017G to 2018G; and 1.9% in Danube from 2017G to 2018G). This was mainly due to company's strategy to focus more on FMCG products through promotional offers to customers which were not fully compensated by suppliers. These promotions were offered in order to gain market share, attain customer loyalty and minimize the impact on customer basket size following discontinuation of wholesales from certain stores and its impact on overall sales. However, this decline in gross profit margin (prior to adjustments) was compensated by suppliers through Supplier Support Incentive, which is considered as part of product cost by the Company.

Further, gross profit of BinDawood increased by 14.5% to SAR 613.2 million in 2019G compared to 2018G. Similarly, gross profit of Danube increased by 11.4% to SAR 1,022.5 million in 2019G compared to 2018G. These increases resulted from growth in revenue of both BinDawood and Danube by the full year impact on revenue generated from stores opened in 2018G, as well as new stores which opened during 2019G (1 Danube store and 1 BinDawood store). In addition, BinDawood and Danube increased the frequency of promotional festivals at their stores from 35 in 2018G to more than 40 in 2019G, which were focused on the FMCG / Grocery department, and contributed to higher sales (e.g. Chocolate Festival, Coffee Festival, Italian Festival, Home Sweet Home Festival, Mom Festival, Tea Festival, Summer Festival, Baby Care Festival). Additionally, BinDawood sales were also positively impacted due to an increase in the number of pilgrims visiting Makkah and Madinah during 2019G. Moreover, sales growth in 2019G was also attributable to an expansion of geographical reach served through the online app resulting from an increase in the number of stores supporting the online sales activities.

Improved gross profit margin (both as adjusted and based on financial statements) for BinDawood (from 34.7% in 2018G to 35.4% in 2019G) mainly resulted from better inventory management (resulting in low inventory wastage and inventory shrinkage), in addition to having very limited private label products for pilgrims at Haramain stores encouraging suppliers to invest more with the Company. On the other hand, no material movement was noted in the gross profit margin (both as adjusted and based on financial statements) of Danube in 2019G compared to 2018G. In contrast, Danube Star witnessed a decline in gross profit by 93.6% to SAR 6.3 million in 2019G and in gross margin (both as adjusted and based on financial statements) to 8.1% in 2019G, compared to 2018G. This was mainly driven by the reallocation of bakery sales to BinDawood and Danube, respectively.

Company's high gross margins, on an overall basis, were driven by the discontinuation of bulk sales, better inventory management (resulting in low inventory wastage and inventory shrinkage), in addition to having very limited private label products for pilgrims at Haramain stores. Encouraging suppliers to invest more with the Company. Moreover, high margins are also attributable to wide range of offerings in SKUs to customers through better assortment and product mix; and customer centric approach.

6.5.1.4 Selling & distribution expenses

6.5.1.4.1 Selling & distribution expenses by Subsidiary

Table (6-16): Consolidated selling & distribution expenses by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	318.2	324.5	349.0	2.0%	7.5%	4.7%
Danube	606.5	642.6	659.2	5.9%	2.6%	4.2%
Danube Star	102.0	107.1	-	5.0%	(100.0%)	(100.0%)
Sub total	1,026.8	1,074.3	1,008.2	4.6%	(6.2%)	(0.9%)
Consolidation adjustment	(30.7)	(27.1)	(1.4)	-	-	-
Total	**996.0**	**1,047.2**	**1,006.8**	**5.1%**	**(3.9%)**	**0.5%**

Source: Company information.

Note: Consolidation adjustment mainly represented adjustment related to rent payment made by Danube to BinDawood for the use of relevant portion of staff accommodations, owned by BinDawood in 2019G, whereas in 2017G and 2018G, it represented rental expenses paid by Danube Star and Danube to BinDawood for the bakery and meat operations from BinDawood stores.

Selling and distribution expenses mainly represented costs of employees working at stores, rent of stores and the Company's warehouse, depreciation of property and equipment at stores, utility expenses incurred at stores and depreciation on leased assets (in 2019G only).

Selling and distribution expenses of BinDawood increased by 2.0% from SAR 318.2 million in 2017G to SAR 324.5 million in 2018G. Similarly, selling and distribution expenses of Danube increased by 5.9% from SAR 606.5 million in 2017G to SAR 642.6 million in 2018G. These increases were primarily attributable to an increase in the number of new stores in 2018G which resulted in an increase in staff and Iqama costs, store depreciation expenses and increase in electricity and water charges. In addition, store utility charges also increased during 2018G due to an increase in tariffs by the Government and the full year impact on expenses from stores which opened during 2017G.

Selling and distribution expenses of BinDawood further increased by 7.5% to SAR 349.0 million in 2019G compared to 2018G. Similarly, selling and distribution expenses of Danube further increased by 2.6% to SAR 659.2 million in 2019G compared to 2018G. These increases mainly resulted from an increase in depreciation on leased assets which was recorded during 2019G only (upon adoption of IFRS 16) in addition to an increase in employee costs and ramp up of 2018G stores as well as newly opened stores in 2019G which was partially offset by a decrease in rent expenses (upon adoption of IFRS 16).

No material movement was noted in selling and distribution expenses of Danube Star in 2018G compared to 2017G. Selling and distribution expenses of Danube Star were reduced to nil in 2019G since their operations only constituted a manufacturing facility supplying bakery goods to Danube and BinDawood in 2019G and all the direct costs related to these operations were recorded under cost of revenue.

6.5.1.4.2 Selling and distribution expenses by component

Table (6-17): Consolidated selling & distribution expenses by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Employee costs	330.4	358.8	367.0	8.6%	2.3%	5.4%
Rent	302.3	305.1	9.4	0.9%	(96.9%)	(82.4%)
Depreciation	142.2	151.7	155.3	6.7%	2.3%	4.5%
Depreciation on leased assets	-	-	256.1	N/A	N/A	N/A
Utilities	96.3	110.5	99.7	14.7%	(9.7%)	1.8%
Other	52.3	53.1	55.9	1.6%	5.3%	3.4%
Packaging cost	44.1	44.3	34.9	0.5%	(21.3%)	(11.1%)
Repairs and maintenance	19.6	19.9	16.0	1.7%	(19.6%)	(9.6%)
Advertising cost	9.0	3.8	12.6	(57.6%)	229.9%	18.3%
Total	**996.0**	**1,047.2**	**1,006.8**	**5.1%**	**(3.9%)**	**0.5%**

Source: Consolidated financial statements and Company information.

Selling and distribution expenses increased by 5.1% from SAR 996.0 million in 2017G to SAR 1,047.2 million in 2018G. This was primarily due to an increase in employee costs, depreciation expenses and utility expenses. In contrast, selling and distribution expenses decreased by 3.9% to SAR 1,006.8 million in 2019G compared to 2018G. This decline was mainly driven by a decrease in rent expenses by 96.9% (upon adoption of IFRS16) which was partially offset by an increase in employee costs and other expenses by 2.3% and 5.3%, respectively, in addition to depreciation on leased assets which was recorded during 2019G only (upon adoption of IFRS16).

Employee costs mainly represented costs of employees working at stores and warehouses of BDH, including outsourced employees. Employee costs increased by 8.6% from SAR 330.4 million in 2017G to SAR 358.8 million in 2018G. This was primarily due to an increase in headcount of employees for new stores, increase in Iqama cost as well as an increase in average salaries implemented to improve Saudization at store level. Employee costs further grew by 2.3% to SAR 367.0 million in 2019G compared to 2018G. This was mainly driven by the suspension of Government subsidy provided to the Company for hiring Saudi employees, whereas no subsidy was received in 2019G. Employees are hired based on requirements at store levels, however BDH also has a Chief Human Resource Officer that is responsible for HR planning for both BinDawood and Danube.

Rent expenses mainly represented rent of stores and the Company's warehouse leased by the Company. No significant variance was noted in rent expenses between 2017G and 2018G, despite an increase in the number of stores. This was primarily attributable to renegotiating the rent of a number of stores (in the form of one-time discounts, waiver of rent escalations, etc.) by the Company in connection with the decline witnessed in the real estate sector in light of the general economic conditions in Saudi Arabia. Rent expenses decreased by 96.9% from SAR 305.1 million in 2018G to SAR 9.4 million in 2019G. This was mainly driven by the introduction of IFRS 16, whereby rent expenses pertaining to long term leased property were recorded separately under depreciation on leased assets. Rent expenses recorded in 2019G relate to short-term employee accommodation, store's variable rent (contingent on sales generated by that store), in addition to cash deposit lockbox machines located at a number of stores.

Depreciation expenses mainly represented depreciation charges on property and equipment at stores. Depreciation expenses increased by 6.7% from SAR 142.2 million in 2017G to SAR 151.7 million in 2018G. This was primarily due to depreciation charges on new stores opened during 2018G. Depreciation expenses further grew by 2.3% to SAR 155.3 million in 2019G compared to 2018G. This increase was due to ongoing depreciation of property and equipment.

Depreciation on leased assets was recorded in 2019G in line with IFRS 16 introduced in January 2019G, whereby right of use assets relating to long term leased property were recorded separately on the balance sheet and depreciated throughout the year.

Utility expenses mainly represented expenses incurred on utilities at stores and warehouses. Utility expenses increased by 14.7% from SAR 96.3 million in 2017G to SAR 110.5 million in 2018G. This was mainly due to opening of 6 new stores alongside an increase in electricity and water tariffs by the government during 2018G. In contrast, utility expenses decreased by 9.7% to SAR 99.7 million in 2019G compared to 2018G. This was primarily attributable to cost cutting measures adopted by the Company, such as switching to LED lights at stores to conserve power and energy.

Other selling and distribution expenses mainly represented cleaning expenses, insurance expenses and traveling expenses. Other selling and distribution expenses did not witness significant fluctuations in 2018G compared to 2017G. In contrast, other selling and distribution expenses increased by 5.3% from SAR 53.1 million in 2018G to SAR 55.9 million in 2019G. This was mainly due to an increase in government related fees such as stores' commercial registration renewal costs and higher municipality fee incurred in 2019G.

Packaging cost mainly represented plastic bags used at the stores. No significant variance was noted in packaging cost between 2017G and 2018G. Packaging cost decreased by 21.3% from SAR 44.3 million in 2018G to SAR 34.9 million in 2019G. This was mainly driven by increased cost saving measures implemented by the Company during the year.

Repairs and maintenance expenses mainly represented routine maintenance expenditure incurred at stores. No significant variance was noted in repair and maintenance expenses between 2017G and 2018G. Repair and maintenance decreased by 19.6% from SAR 19.9 million in 2018G to SAR 16.0 million in 2019G. This was mainly due to repair and maintenance expenses incurred during 2019G being under warranty and therefore resulted in lower cost for the Company, as well as pricing reviews and negotiations with contractors on maintenance work performed at stores.

Advertising costs mainly represented printed brochures and pamphlets distributed at the stores and in local neighbourhoods. Advertising expenses decreased by 57.6% from SAR 9.0 million in 2017G to SAR 3.8 million in 2018G. This was primarily due to a decline in print advertising spend as a result of using the online platforms for advertising purposes. This also resulted in receipt of advertising income from suppliers for utilizing the online platforms which was netted off from advertising expenses during 2018G. In contrast, advertising cost grew by 229.9% to SAR 12.6 million in 2019G compared to 2018G. This was mainly attributable to a higher number of social media campaigns run during the year, in addition to lower advertising income support (declining from SAR 33.0 million in 2018G to SAR 21.0 million in 2019G) from suppliers during 2019G.

6.5.1.5 General & administration expenses

6.5.1.5.1 General & administration expenses by Subsidiary

Table (6-18): Consolidated general & administration expenses by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	61.7	55.9	55.1	(9.4%)	(1.4%)	(5.5%)
Danube	84.1	67.9	71.3	(19.2%)	5.0%	(7.9%)
Danube Star	4.7	3.2	4.4	(32.7%)	39.6%	(3.1%)
Total	**150.5**	**127.0**	**130.9**	**(15.6%)**	**3.0%**	**(6.7%)**

Source: Company information.

General and administration expenses mainly represented employee costs and management remuneration.

General and administration expenses of BinDawood declined by 9.4% from SAR 61.7 million in 2017G to SAR 55.9 million in 2018G. Similarly, general and administration expenses of Danube declined by 19.2% from SAR 84.1 million in 2017G to SAR 67.9 million in 2018G. These decreases were primarily due to a decrease in administrative staff costs and other general and administration expenses, which resulted from the centralization of certain common administrative functions of BinDawood and Danube, saving of utility costs due to implementation of energy saving solutions and a reduction in business travel expenses partially offset by an increase in Iqama cost by the Government.

In contrast, no material movement was noted in general and administration expenses of BinDawood in 2019G compared to 2018G whereas, general and administration expenses of Danube grew by 5.0% to SAR 71.3 million in 2019G compared to 2018G. This was mainly driven by an increase in employee costs due to the hiring of senior management personnel, and an increase in repair and maintenance costs reflecting a one-time consulting fee to implement an upgrade to the Oracle system (aforementioned expenses incurred on BDH level and allocated to Subsidiaries on adhoc basis), in addition to depreciation on leased assets which was recorded during 2019G only (upon adoption of IFRS 16). This was partially offset by a decline in management remuneration by 44.3% due to the Chairman no longer receiving remuneration as he now has a non-executive position as the Chairman of the board (expenses incurred on BDH level and allocated to Subsidiaries on adhoc basis) alongside a decline in Danube's rent expenses by 61.8% (upon adoption of IFRS 16) in 2019G.

No material movement was noted in general and administration expenses of Danube Star in 2018G compared to 2017G and 2019G compared to 2018G.

6.5.1.5.2 General and administration expenses by component

Table (6-19): Consolidated general & administration expenses by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Employee costs	84.8	70.5	82.9	(17.0%)	17.7%	(1.1%)
Management remuneration	27.8	29.6	16.5	6.4%	(44.3%)	(23.0%)
Depreciation	7.0	3.8	4.2	(45.6%)	10.8%	(22.4%)
Depreciation on leased assets	-	-	3.2	N/A	N/A	N/A
Rent	4.9	5.0	1.2	1.8%	(76.8%)	(51.4%)
Insurance	1.7	1.8	2.3	5.1%	27.0%	15.5%
Repairs and maintenance	2.8	3.3	4.3	19.4%	31.8%	25.4%
Utilities	1.3	1.3	1.5	2.0%	16.3%	8.9%
Directors' remuneration	0.4	0.4	1.5	-	275.0%	93.6%
Other	19.8	11.4	13.3	(42.4%)	16.5%	(18.1%)
Total	**150.5**	**127.0**	**130.9**	**(15.6%)**	**3.0%**	**(6.7%)**

Source: Consolidated financial statements and Company information.

General and administration expenses decreased by 15.6% from SAR 150.5 million in 2017G to SAR 127.0 million in 2018G. This was primarily due to a decrease in employee costs and other general and administration expenses. In contrast, general and administration expenses increased by 3.0% to SAR 130.9 million in 2019G compared to 2018G. This was mainly driven by an increase in employee costs, repair and maintenance costs and other general and administration expenses by 17.7%, 31.8% and 16.5%, respectively, in addition to depreciation on leased assets which was recorded during 2019G upon adoption of IFRS 16. This was partially offset by a decline in management remuneration by 44.3% and a decline in rent expenses by 76.8% in 2019G.

Employee costs mainly represented costs of head office employees. Employee costs decreased by 17.0% from SAR 84.8 million in 2017G to SAR 70.5 million in 2018G, despite an increase in Iqama cost. This was mainly due to a decrease in headcount as a result of reallocation of staff between the head office and the stores as well as due to centralization of functions, previously run independently at Danube and BinDawood level (mainly the purchasing and finance teams). In contrast, employee costs increased by 17.7% to SAR 82.9 million in 2019G compared to 2018G. This was primarily attributable to an increase in costs due to the hiring of senior management personnel. Further, employee costs attributable to head office employees are charged between BDH Subsidiaries on an adhoc basis. Employee salaries of BDH are borne by each Subsidiary (BinDawood, Danube and Danube Star) as per their sponsorship status and not allocated based on the work performed for each Subsidiary (for head office level staff in particular). Therefore, there is currently no formal cost sharing mechanism in place between BDH entities. However, this does not have any impact on the consolidated financial statements of BDH. Please refer to shared services agreements in the ("**Related Parties' Transaction and Balances**") section of this prospectus (Section 6.5.5) for more details.

Management remuneration mainly represented remuneration of founding shareholders including the Chairman, Vice Chairman and Managing Director. No significant variance was noted in management remuneration between 2017G and 2018G. Management remuneration decreased by 44.3% from SAR 29.6 million in 2018G to SAR 16.5 million in 2019G. This was mainly due to the Chairman no longer receiving management remuneration as he now has a non-executive position as the Chairman of the Board. For more detail on remuneration of directors and senior executives, see Section 5.4 ("**Remuneration of Directors and Senior Executives**") of this prospectus.

Depreciation expenses mainly represented depreciation charged on head office related property and equipment. Depreciation expenses decreased by 45.6% from SAR 7.0 million in 2017G to SAR 3.8 million in 2018G. This was primarily due to some assets becoming fully depreciated in 2018G along with a change in the useful life of property and equipment assets during 2018G. In contrast, depreciation expenses increased by 10.8% to SAR 4.2 million in 2019G compared to 2018G. This increase was due to depreciation of additions made to head office property and equipment during 2019G in addition to ongoing depreciation of fixed assets.

Depreciation on leased assets was recorded in 2019G following the introduction of IFRS 16 introduced in January 2019G, whereby right of use assets relating to long term leased property were recorded separately on the balance sheet and depreciated throughout the year.

Rent expenses mainly represented rent of the head office in Jeddah. This is charged to the Company in line with the rental agreements with the Company's related parties. No significant variance was noted in rent expenses between 2017G and 2018G. Rent expenses decreased by 76.8% from SAR 5.0 million in 2018G to SAR 1.2 million in 2019G. This was primarily driven by the introduction of IFRS 16 whereby rent expenses pertaining to long term leased property were recorded separately under depreciation on leased assets. Rent expenses recorded in 2019G relate to short-term employee accommodation (comparable rent expenses which would not have been impacted by the adoption of IFRS 16, retrospectively, for both selling and distribution as well as general and administration expenses amounted to SAR 4.5 million in 2017G and SAR 5.6 million in 2018G).

Insurance mainly represented expenses in relation to employee medical insurance and property and equipment at the head office. No significant variance was noted in insurance expenses between 2017G and 2018G. Insurance expenses increased by 27.0% from SAR 1.8 million in 2018G to SAR 2.3 million in 2019G. This was mainly due to higher premiums on employee health insurance policies in 2019G, in the normal course of business.

Repairs and maintenance expenses mainly represented maintenance work carried out at the head office of BDH. Repair and maintenance expenses increased by 19.4% from SAR 2.8 million in 2017G to SAR 3.3 million in 2018G. This was primarily due to routine repair and maintenance work carried out at the head office building. Repairs and maintenance further grew by 31.8% to SAR 4.3 million in 2019G compared to 2018G. This was mainly driven by a one-time consulting fee paid to implement an Oracle system upgrade.

Utility expenses mainly represented expenses incurred on utilities at the head office. Despite an increase in utility tariffs by the government, no significant variance was noted in utility expenses between 2017G and 2018G due to implementation of an efficient energy saving program by the management. Utility expenses increased by 16.3% from SAR 1.3 million in 2018G to SAR 1.5 million in 2019G. This was primarily attributable to renovation work carried out at the head office during 2019G, which caused an increase in energy consumption.

Directors' remuneration mainly represented remuneration of the Board of Directors in line with the Company bylaws. No variance was noted in directors' remuneration expenses between 2017G and 2018G. In contrast, directors' remuneration increased by 275.0% from SAR 0.4 million in 2018G to SAR 1.5 million in 2019G. This was mainly attributable to an increase in the total number of directors in 2019G compared to 2018G.

Other general and administration expenses mainly represented petrol and vehicle maintenance expenses, traveling expenses, professional fee, phone & mail expenses and bank charges. Other general and administration expenses decreased by 42.4% from SAR 19.8 million in 2017G to SAR 11.4 million in 2018G. This was primarily due to a decline in foreign exchange related losses compared to 2017G; a decline in gifts to customers in 2018G compared to 2017G; and a decline in travelling expenses in 2018G compared to 2017G resulting from a decline in usage of private plane for official purpose by the shareholders. In contrast, other general and administration expenses increased by 16.5% to SAR 13.3 million in 2019G compared to 2018G. This was mainly driven by higher petrol expenses reflecting the full year impact of the increase in fuel prices during the previous year (2018G).

6.5.1.6 Other operating income

6.5.1.6.1 Other operating income by Subsidiary

Table (6-20): Consolidated other operating income by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	-	16.2	5.0	-	(69.4%)	-
Danube	-	23.9	8.8	-	(63.0%)	-
Danube Star	-	-	-	-	-	-
Sub total	-	40.1	13.8	-	(65.6%)	-
Consolidation adjustment	-	(27.1)	(2.4)	-	(91.1%)	-
Total	**-**	**13.0**	**11.4**	**-**	**(12.3%)**	**-**

Source: Company information.

Note: Consolidation adjustment mainly represented rent adjustment for payment made by Danube Star to BinDawood and Danube for the use of space for their operational facilities within certain stores.

Other operating income mainly refers to shop rental income which is generated from other third-party retailers who rent space form the Company inside the stores. This is a contractual income generated through long term contracts. These were reported as part of gandola income in 2017G.

Other operating income of BinDawood and Danube was recorded under gandola income during 2017G and therefore appears nil during this year.

Other operating income of BinDawood declined by 69.4% from SAR 16.2 million in 2018G to SAR 5.0 million in 2019G. Similarly, other operating income of Danube declined by 63.0% from SAR 23.9 million in 2018G to SAR 8.8 million in 2019G. These declines were mainly driven by the decline in shop rental income due to the overall decline in rent rates in 2019G, reflecting real estate market conditions in Saudi Arabia.

6.5.1.6.2 Other operating income

Other operating income declined by 12.3% from SAR 13.0 million in 2018G to SAR 11.4 million in 2019G. This was mainly driven by the decline in shop rental income due to the overall decline in rent rates in 2019G, reflecting real estate market conditions in Saudi Arabia.

6.5.1.7 Operating profit

Table (6-21): Consolidated operating profit by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	158.8	171.6	214.1	8.1%	24.8%	16.1%
Danube	238.6	231.3	300.9	(3.1%)	30.1%	12.3%
Danube Star	5.3	(11.2)	1.9	(313.6%)	(117.0%)	(39.7%)
Sub total	402.7	391.6	516.9	(2.7%)	32.0%	13.3%
Consolidation adjustment	-	-	1.4	-	-	-
Total	**402.7**	**391.6**	**518.3**	**(2.7%)**	**32.3%**	**13.4%**
Operating margin						
BinDawood	9.3%	11.1%	12.4%	-	-	-
Danube	8.4%	8.3%	9.7%	-	-	-
Danube Star	2.3%	(5.0%)	2.4%	-	-	-

Source: Company information.

Note: Consolidation adjustment mainly represented adjustment related to rent payment made by Danube to BinDawood for the use of relevant portion of staff accommodations, owned by BinDawood.

Operating profit of BinDawood increased by 8.1% from SAR 158.8 million in 2017G to SAR 171.6 million in 2018G. Similarly, operating margin increased from 9.3% in 2017G to 11.1% in 2018G. This mainly resulted from management decision to discontinue bulk sales from BinDawood stores; higher Supplier Support Incentive as the purchasing departments of BinDawood and Danube were combined, enabling improved purchasing power and commercial terms; a decrease in administrative staff costs and other general and administration expenses, which resulted from the centralization of certain common administrative functions of BinDawood and Danube, saving of utility costs due to implementation of energy saving solutions in 2018G; and reclassification of foreign exchange gains and early payment discounts from suppliers from other income in 2017G to cost of revenue 2018G onwards. Operating profit of BinDawood further increased by 24.8% to SAR 214.1 million in 2019G compared to 2018G alongside an increase in operating margin to 12.4% in 2019G from 2018G. This mainly resulted from better inventory management (resulting in low inventory wastage and inventory shrinkage); better consumer engagement through an increase in the number of promotional festivals in addition to having very limited private label products for pilgrims at Haramain stores encouraging suppliers to invest more with the Company.

Operating profit of Danube declined by 3.1% from SAR 238.6 million in 2017G to SAR 231.3 million in 2018G. This was primarily attributable to an increase in selling and distribution expenses by 5.9% in 2018G. This resulted from an increase in the number of new stores in 2018G which resulted in an increase in staff and Iqama costs, store depreciation expenses and increase in electricity and water charges. In addition, store utility charges also increased during 2018G due to an increase in tariffs by the Government and the full year impact on expenses from stores which opened during 2017G. No material movement was noted in operating margin of Danube in 2018G from 2017G. Operating profit of Danube increased by 30.1% to SAR 300.9 million in 2019G compared to 2018G alongside an increase in operating margin to 9.7% in 2019G compared to 2018G. This mainly resulted from an increase in gross profit of Danube due to reasons mentioned earlier including lower inventory wastage and shrinkage costs incurred during the year, as a result of stricter controls set in place by management on inventory items and an increase in the number of promotional festivals held for the consumers

6.5.1.8 Finance cost on lease liabilities

Table (6-22): Consolidated finance cost on lease liabilities by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	-	-	30.0	N/A	N/A	N/A
Danube	-	-	65.8	N/A	N/A	N/A
Danube Star	-	-	-	N/A	N/A	N/A
Total	**-**	**-**	**95.8**	**N/A**	**N/A**	**N/A**

Source: Company information.

Note: The finance cost on lease liabilities for Danube Star have been charged to cost of revenue (SAR 58,969). To maintain the consistency with the audited consolidated financial statements of BinDawood Holding Company, the aforementioned number is not presented in the above table.

Finance cost on lease liabilities refers to interest expense on lease liabilities which was recorded in the Company's balance sheet as at 31 December 2019G upon adoption of IFRS 16.

6.5.1.9 Other income

6.5.1.9.1 Other income by Subsidiary

Table (6-23): Consolidated other income by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	3.3	1.2	2.3	(64.8%)	95.6%	(17.0%)
Danube	10.0	4.9	6.9	(50.5%)	40.1%	(16.8%)
Danube Star	1.1	0.5	0.1	(53.7%)	(87.2%)	(75.7%)
Sub total	14.4	6.6	9.2	(54.1%)	39.6%	(19.9%)
Consolidation adjustment	-	-	(1.4)	-	-	-
Total	**14.4**	**6.6**	**7.9**	**(54.1%)**	**18.8%**	**(26.1%)**

Source: Company information.

Note: Consolidation adjustment mainly represented adjustment related to rent payment made by Danube to BinDawood for the use of relevant portion of staff accommodations, owned by BinDawood.

Other income mainly represented miscellaneous income from sales of cartons, scrap sales and aged payable balances written back to profit and loss (in line with BDH policy). Other income also included early payment discounts from suppliers in 2017G, which was reclassified to cost of revenue 2018G onwards.

Other income of BinDawood decreased by 64.8% from SAR 3.3 million in 2017G to SAR 1.2 million in 2018G. Similarly, other income of Danube decreased by 50.5% from SAR 10.0 million in 2017G to SAR 4.9 million in 2018G. These decreases were mainly due to reclassification of early payment discounts from suppliers from other income in 2017G to cost of revenue in 2018G onwards.

In contrast, other income of BinDawood increased by 95.6% to SAR 2.3 million in 2019G compared to 2018G and other income of Danube increased by 40.1% to SAR 6.9 million in 2019G compared to 2018G. These increases were primarily due to an increase in unclaimed payables pertaining to BinDawood and Danube, respectively, recognized in the income statement in 2019G.

6.5.1.9.2 Other income by component

Table (6-24): Consolidated other income by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
(Loss) on disposal of property & equipment – net	(1.1)	(0.3)	(0.2)	(75.0%)	(9.9%)	(52.5%)
Early payment discount	9.3	-	-	(100.0%)	-	(100.0)
Miscellaneous income	6.2	6.9	8.1	10.5%	17.7%	14.0%
Total	**14.4**	**6.6**	**7.9**	**(54.1%)**	**18.8%**	**(26.1%)**

Source: Company information.

Other income declined by 54.1% from SAR 14.4 million in 2017G to SAR 6.6 million in 2018G.This was mainly due to reclassification of early payment discount from other income in 2017G to cost of revenue in 2018G. In contrast, other income increased by 18.8% to SAR 7.9 million in 2019G as compared to 2018G. This was primarily due to an increase in miscellaneous income in 2019G.

Other income included non-core income such as loss on disposal of property and equipment (SAR 1.1 million in 2017G, SAR 0.3 million during 2018G and SAR 0.2 million during 2019G) and a portion of miscellaneous income, with the exception of carton sales, (SAR 5.4 million in 2017G, SAR 4.8 million during 2018G and SAR 5.2 million during 2019G).

Loss on disposal of property and equipment were mainly recorded to show the sale of assets during 2017G, 2018G and 2019G.

Early payment discount mainly represented cash discounts received from suppliers upon payment of payable balances within the period specified in the contracts with these suppliers. These discount terms vary from one supplier to another. Early payment discount related income was reclassified to cost of revenue 2018G onwards, as explained earlier.

Miscellaneous income (non-core income with the exception of carton sales) mainly comprised several unclaimed payables (aged over 4 years) recognized in the income statement, in addition to sale of empty cartons and scrap sales. Miscellaneous income grew by 10.5% from SAR 6.2 million in 2017G to SAR 6.9 million in 2018G. This was mainly attributable to an increase in sale of empty cartons in line with and resulting from an increase in number of stores during the year. Miscellaneous income further increased by 17.7% to SAR 8.1 million in 2019G compared to 2018G. This was primarily due to an increase in unclaimed payables pertaining to Danube and BinDawood recognized in the income statement in 2019G.

6.5.1.10 Zakat

Zakat charge decreased by 84.7% from SAR 2.8 million in 2017G to SAR 0.4 million in 2018G. This was primarily due to a decrease in the income subject to Zakat and payment of dividends (which were deducted from the Zakat base) during 2018G. In contrast, Zakat charge grew to SAR 11.2 million in 2019G compared to 2018G. This mainly resulted from an increase in the Zakat base and income subject to Zakat for 2019G. Further, the Company received final assessments in relation to the period until 2018G, therefore, any additional Zakat charge pertaining to prior periods was recognized in 2019G.

6.5.1.11 Net profit

6.5.1.11.1 Net profit by Subsidiary

Table (6-25): Consolidated net profit by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	161.3	172.6	182.0	7.0%	5.4%	6.2%
Danube	246.8	236.0	235.7	(4.4%)	(0.1%)	(2.3%)
Danube Star	6.2	(10.7)	1.5	(272.6%)	(114.2%)	(50.5%)
Total	**414.3**	**397.8**	**419.1**	**(4.0%)**	**5.4%**	**0.6%**
Net profit margin						
BinDawood	9.5%	11.2%	10.5%	-	-	-
Danube	8.7%	8.5%	7.6%	-	-	-
Danube Star	2.8%	(4.8%)	1.9%	-	-	-

Source: Company information.

Net profit of BinDawood grew by 7.0% from SAR 161.3 million in 2017G to SAR 172.6 million in 2018G. Similarly, net profit margin for BinDawood grew from 9.5% in 2017G to 11.2% in 2018G. This was primarily attributable to an increase in operating profit (due to reasons mentioned earlier) as well as a lower Zakat charge incurred in 2018G. Net profit grew further by 5.4% to SAR 182.0 million whereas net profit margin declined to 10.5% in 2019G compared to 2018G. Increase in net profit in 2019G was driven by operating profit whereas decline in net profit margin was mainly driven by finance cost on lease liabilities which were recorded in 2019G in accordance with the adoption requirements of IFRS 16 alongside a higher Zakat charge in 2019G.

Net profit for Danube declined by 4.4% from SAR 246.8 million in 2017G to SAR 236.0 million in 2018G. This was primarily attributable to a decline in operating profit (due to reasons mentioned earlier). On the other hand, no material movement was noted in net profit margin of Danube in 2018G from 2017G. Further, no material movement was noted in the net profit of Danube in 2019G compared to 2018G. In contrast, net profit margin of Danube declined from 8.5% in 2018G to 7.6% in 2019G. This was mainly on account of finance cost on lease liabilities which were recorded in 2019G in accordance with the adoption requirements of IFRS 16 as well as a higher Zakat charge in 2019G.

Consolidated net profit of the Company decreased by 4.0% from SAR 414.3 million in 2017G to SAR 397.8 million in 2018G. This was mainly due to the decline in operating profit by 2.7% in light of management's decisions which have taken place during 2018G (as highlighted above), as well as an increase in selling and marketing expenses for reasons explained earlier. In contrast, consolidated net profit grew by 5.4% to SAR 419.1 million in 2019G compared to 2018G. This increase was primarily attributable to an increase in gross profit by 5.9% coupled with a decline in selling and distribution expenses by 3.9%. This was partially offset by finance cost on lease liabilities which were recorded in 2019G in line with the adoption of IFRS 16.

No significant variance was noted in the net profit margin in 2017G (8.7%), 2018G (8.7%) and 2019G (8.7%). Further, rentals attributable to a number of stores were renegotiated (in the form of one-time discounts, waivers of rent escalations, etc.) by management during 2018G. Despite the adoption of IFRS 16, net profit margin remained constant at 8.7% in 2019G.

6.5.2 Statement of financial position

Table (6-26): Consolidated statement of financial position data

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Assets						
Current assets	999.8	1,138.5	1,446.2	13.9%	27.0%	20.3%
Non-current assets	1,078.4	1,065.7	3,297.4	(1.2%)	209.4%	74.9%
Total assets	**2,078.2**	**2,204.2**	**4,743.6**	**6.1%**	**115.2%**	**51.1%**
Liabilities						
Current liabilities	1,179.3	1,109.5	1,167.9	(5.9%)	5.3%	(0.5%)
Non-current liabilities	75.6	80.2	2,389.3	6.1%	nm	462.0%
Total liabilities	**1,254.9**	**1,189.7**	**3,557.2**	**(5.2%)**	**199.0%**	**68.4%**
Equity						
Total equity	**823.3**	**1,014.4**	**1,186.4**	**23.2%**	**16.9%**	**20.0%**
Total liabilities and equity	**2,078.2**	**2,204.2**	**4,743.6**	**6.1%**	**115.2%**	**51.1%**

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

Table (6-27): Key financial metrics

Percentage	Financial year ended 31 Dec		
	2017G	2018G	2019G
1- Current ratio (x)	0.8	1.0	1.2
2- Ratio of liabilities to equity (x)	1.5	1.2	3.0
3- Ratio of liabilities to assets (x)	0.6	0.5	0.7
4- Return on equity (%)	55.6%	43.3%	38.1%
5- Return on assets (%)	21.7%	18.6%	12.1%
6- Days Sales Outstanding (unadjusted) (days)	7.6	10.5	15.7
7- Days Sales Outstanding (adjusted) (days)	2.0	3.3	4.9
8- Days Payable Outstanding (days)	58.6	65.9	64.6
9- Days Inventory Outstanding (days)	68.5	78.4	79.2
10. Receivables Turnover Ratio (x)	48.3	34.9	23.2

Source: Company information.

1. Current ratio = total current assets as at year end / total current liabilities as at year end

2. Ratio of liabilities to equity = total liabilities as at year end / total equity as at year end

3. Ratio of liabilities to assets = total liabilities as at year end / total assets as at year end

4. Return on equity = net profit for the year / average equity as at year end

5. Return on assets = net profit for the year / average assets as at year end

6. Days sales outstanding (unadjusted) = (average trade accounts receivable + average employee advances + average other receivable) / revenue x 365

7. Days sales outstanding (adjusted) = (average trade accounts receivable + average employee advances balance / revenue) x 365

8. Days payables outstanding = (average trade accounts payable / gross product cost) x 365

9. Days inventory outstanding = (average inventories / gross product cost) x 365

10. Receivables turnover ratio = revenue / (average trade accounts receivable + average employee advances + average other receivable)

11. Payables turnover ratio = gross product cost / average trade accounts payable

12. Inventory turnover ratio = gross product cost /average inventories

Note: Average in the above is based on opening balance plus closing balance divided by two

Total assets increased by 6.1% from SAR 2,078.2 million as at 31 December 2017G to SAR 2,204.2 million as at 31 December 2018G. This was primarily due to an increase in current assets by SAR 138.7 million (mainly inventories and trade and other receivables by SAR 46.0 million and SAR 52.3 million, respectively). Increase in inventory balances was mainly driven by an increase in store count as well as an increase in non-food inventory items as at 31 December 2018G. Moreover, increase in trade and other receivables balances was attributable to a higher Supplier Support Incentive receivable as a result of combining the purchasing department for both Danube and BinDawood which increased the negotiating power of the Company with the suppliers.

Total assets further increased by 115.2% to SAR 4,743.6 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly driven by the introduction of IFRS 16 in January 2019G whereby right of use assets amounting to SAR 2,356.8 million were recorded on the statement of financial position as at 31 December 2019G.

Total liabilities decreased by 5.2% from SAR 1,254.9 million as at 31 December 2017G to SAR 1,189.7 million as at 31 December 2018G. This was primarily due to a decrease in current liabilities (mainly accounts payable, accruals and other financial liabilities by SAR 71.2 million) as a result of a decline in non-trade payables due to ongoing payments made to capital expenditure suppliers coupled with a lower number of store openings in 2018G which therefore required a comparatively lower amount to additional capital expenditure purchases. In contrast, total liabilities grew by 199.0% to SAR 3,557.2 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly attributable to lease liabilities amounting to SAR 2,518.4 million recorded on the statement of financial position as at 31 December 2019G in connection with the adoption of IFRS 16.

Total equity increased by 23.2% from SAR 823.3 million as at 31 December 2017G to SAR 1,014.4 million as at 31 December 2018G. This was primarily due to an increase in retained earnings and statutory reserves by SAR 151.1 million and SAR 40.1 million, respectively. Total equity further increased by 16.9 % to SAR 1,186.4 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly driven by net income for the year.

The Company and its Subsidiaries did not issue any debt instrument or have any outstanding, authorized or otherwise created but unissued debt instrument. In addition, the Company had neither any outstanding term loans nor any other borrowing or indebtedness, including bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments. Therefore, there were no mortgages, rights and charges on the Company, and its Subsidiaries› properties resulting from any commercial borrowing arrangements as of the date of this prospectus.

6.5.2.1 Non-current assets

6.5.2.1.1 Non-current assets by Subsidiary

Table (6-28): Consolidated non-current assets by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	212.0	200.3	990.9	(5.5%)	394.8%	116.2%
Danube	797.4	794.9	2,301.4	(0.3%)	189.5%	69.9%
Danube Star	69.0	70.5	5.2	2.2%	(92.7%)	(72.6%)
Total	**1,078.4**	**1,065.7**	**3,297.4**	**(1.2%)**	**209.4%**	**74.9%**

Source: Consolidated financial statements and Company information.

There was no material variance noted in non-current assets attributable to BinDawood between 31 December 2017G and 31 December 2018G. Non-current assets of BinDawood increased by 394.8% from SAR 200.3 million as at 31 December 2018G to SAR 990.9 million as at 31 December 2019G. This was primarily due to recognition of right of use assets mainly attributable to store leases.

There was no material variance noted in non-current assets attributable to Danube between 31 December 2017G and 31 December 2018G. Non-current assets of Danube increased by 189.5% from SAR 794.9 million as at 31 December 2018G to SAR 2,301.4 million as at 31 December 2019G. This was also primarily due to recognition of right of use assets mainly attributable to store leases.

There was no material variance noted in non-current assets attributable to Danube Star between 31 December 2017G and 31 December 2018G. Non-current assets of Danube Star decreased by 92.7% from SAR 70.5 million as at 31 December 2018G to SAR 5.2 million as at 31 December 2019G. This was also primarily due to transfer of Danube Star's property and equipment to BinDawood and Danube, respectively, as a result of shifting all non-production related store level assets and making Danube Star a manufacturing unit only in 2019G as explained earlier.

6.5.2.1.2 Non-current assets by component

Table (6-29): Consolidated non-current assets by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Property and equipment	1,078.0	1,065.1	940.4	(1.2%)	(11.7%)	(6.6%)
Intangible assets	0.4	0.6	0.2	32.0%	(66.3%)	(33.2%)
Right of use assets	-	-	2,356.8	N/A	N/A	N/A
Total non-current assets	**1,078.4**	**1,065.7**	**3,297.4**	**(1.2%)**	**209.4%**	**74.9%**

Source: Consolidated financial statements and Company information.

Non-current assets decreased by 1.2% from SAR 1,078.4 million as at 31 December 2017G to SAR 1,065.7 million as at 31 December 2018G. This was primarily due to a decrease in the net book value of property and equipment as a result of the ongoing depreciation of tangible assets. In contrast, non-current assets grew by 209.4% to SAR 3,297.4 million as at 31 December 2019G compared to 31 December 2018G. This was mainly on account of introduction of IFRS 16 whereby right of use assets amounting to SAR 2,356.8 million were recorded on the statement of financial position as at 31 December 2019G.

6.5.2.1.3 Property and equipment

6.5.2.1.3.1 Property and equipment by Subsidiary

Table (6-30): Consolidated net book value of property and equipment by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	211.8	199.9	193.2	(5.6%)	(3.4%)	(4.5%)
Danube	797.2	794.7	743.7	(0.3%)	(6.4%)	(3.4%)
Danube Star	69.0	70.5	3.5	2.2%	(95.0%)	(77.5%)
Total	**1,078.0**	**1,065.1**	**940.4**	**(1.2%)**	**(11.7%)**	**(6.6%)**

Source: Company information.

Net book value of property and equipment primarily comprised the net book value of equipment and furniture, fixtures and leasehold improvements.

BinDawood's net book value of property and equipment did not witness material variance between 31 December 2017G, 31 December 2018G and 31 December 2019G. This was despite the introduction of 2 new stores in 2018G and 1 new store in 2019G.

Danube's net book value of property and equipment did not witness material variance between 31 December 2017G, 31 December 2018G and 31 December 2019G. Decrease in net book value over the period was mainly attributable to ongoing depreciation of property and equipment assets.

Net book value for both BinDawood and Danube was kept relatively stable between 31 December 2018G and 31 December 2019G due to effective negotiations with capex suppliers resulting in lower prices; improving capex efficiency per sq.m. as a result of better upkeep, regular maintenance; and use of higher quality equipment in stores. However, addition in assets was partially offset by ongoing depreciation of property and equipment assets

Danube Star's net book value of property and equipment did not witness material variance between 31 December 2017G and 31 December 2018G. Danube Star's net book value of property and equipment decreased by 95.0% from SAR 70.5 million as at 31 December 2018G to SAR 3.5 million as at 31 December 2019G primarily due to shifting all non-production related store level assets and making Danube Star a manufacturing unit only in 2019G as explained earlier.

6.5.2.1.3.2 Property and equipment by component

Table (6-31): Consolidated net book value of property and equipment by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Equipment	437.3	443.6	396.4	1.4%	(10.6%)	(4.8%)
Motor vehicles	15.5	14.9	14.5	(4.3%)	(2.3%)	(3.3%)
Furniture, fixtures and leasehold improvements	449.7	446.5	408.1	(0.7%)	(8.6%)	(4.7%)
Computers	16.6	11.9	5.9	(27.9%)	(50.4%)	(40.2%)
Capital work in progress	158.9	148.3	115.4	(6.7%)	(22.1%)	(14.8%)
Total	**1,078.0**	**1,065.1**	**940.4**	**(1.2%)**	**(11.7%)**	**(6.6%)**

Source: Consolidated financial statements and Company information.

Net book value of property and equipment decreased by 1.2% from SAR 1,078.0 million as at 31 December 2017G to SAR 1,065.1 million as at 31 December 2018G. This was primarily due to a decrease in capital work in progress, the net book value of computers, and the net book value of furniture, fixtures and leasehold improvements by SAR 10.6 million, SAR 4.6 million and SAR 3.2 million, respectively, due to ongoing depreciation despite completion of 6 new stores during 2018G. Net book value of property and equipment further decreased by 11.7% to SAR 940.4 million as at 31 December 2019G compared to 31 December 2018G. This decline was mainly driven by a decrease in the net book value of equipment, furniture, fixtures and leasehold improvements and CWIP by SAR 47.2 million, SAR 38.3 million and SAR 32.8 million, respectively, as a result of ongoing depreciation of assets.

Equipment mainly represents freezers, refrigerators, weighting scales, point of sale systems and security equipment, etc. There was no material variance noted in net book value of equipment between 31 December 2017G and 31 December 2018G despite an increase in the number of stores since this factor was offset by ongoing depreciation charges. Net book value of equipment decreased by 10.6% from 443.6 million as at 31 December 2018G to SAR 396.4 million as at 31 December 2019G. This decline was mainly a result of the full year depreciation of additions / transfers made in 2018G against lower additions and CWIP transfers made during 2019G.

Motor vehicles mainly represent the net book value of commercial and employee vehicles. There was no material variance noted in net book value of motor vehicles between 31 December 2017G and 31 December 2019G. This was due to the ongoing depreciation charges and disposals which offset the additions made to motor vehicles during 2018G and 2019G.

Furniture, fixtures and leasehold improvements mainly represented shelfs, stands and signboard at stores. There was no material variance noted in net book value of furniture, fixtures and leasehold improvements between 31 December 2017G and 31 December 2018G despite an increase in the number of stores as a result of ongoing depreciation charges. Net book value of furniture, fixtures and leasehold improvements decreased by 8.6% from SAR 446.5 million as at 31 December 2018G to SAR 408.1 million as at 31 December 2019G. This decline was mainly due to ongoing depreciation charges and lower additions and transfers from capital work in progress made during 2019G compared to 2018G.

Computers mainly represented computer hardware and related accessories at the stores and the head office of BDH. Net book value of computers decreased by 27.9% from SAR 16.6 million as at 31 December 2017G to SAR 11.9 million as at 31 December 2018G, and further decreased by 50.4% to SAR 5.9 million as at 31 December 2019G. This was primarily due to ongoing depreciation of computers during 2018G and 2019G.

Capital work in progress mainly represented capital expenditure incurred on equipment, furniture, fixtures and leasehold improvements mainly during the development or renovation of new and / or existing stores, respectively. There was no material variance noted in capital work in progress between 31 December 2017G and 2018G. Capital work in progress decreased by 22.1% from SAR 148.3 million as at 31 December 2018G to SAR 115.4 million as at 31 December 2019G. This was mainly attributable to lower number of projects/stores compared to previous years.

Table (6-32): Additions to property and equipment by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Equipment	39.8	18.1	12.4	(54.6%)	(31.2%)	(44.1%)
Motor vehicles	7.5	1.8	2.2	(76.5%)	24.9%	(45.8%)
Furniture, fixtures and leasehold improvements	25.7	15.4	5.3	(40.0%)	(65.6%)	(54.6%)
Computers	3.5	0.9	0.7	(74.6%)	(21.0%)	(55.2%)
Capital work in progress	276.0	107.9	20.8	(60.9%)	(80.7%)	(72.5%)
Total	**352.4**	**144.0**	**41.5**	**(59.1%)**	**(71.2%)**	**(65.7%)**

Source: Consolidated financial statements and Company information.

Additions to property and equipment amounted to SAR 352.4 million during 2017G. These primarily related to capital work in progress representing 78.3% (i.e. SAR 276.0 million) of total additions during 2017G. Additions to property and equipment amounted to SAR 144.0 million during 2018G. These primarily related to capital work in progress representing 74.9% (i.e. SAR 107.9 million) of total additions during 2018G. Further, additions made to property and equipment during 2019G amounted to SAR 41.5 million. These were mainly attributable to capital work in progress representing 50.3% (i.e. SAR 20.8 million) of total additions during 2019G as well as additions to equipment amounting to SAR 12.4 million during 2019G.

Additions to equipment amounting to SAR 39.8 million during 2017G which mainly included freezers & refrigerators, security equipment replaced at the time of renovation of existing Danube stores. Additions to equipment amounting to SAR 18.1 million during 2018G mainly included capital expenditure incurred on point of sale systems, electrical equipment, freezers, refrigerators and bakery equipment in the normal course of business. Additions made to equipment, amounting to SAR 12.4 million during 2019G, mainly related to replacement of shopping trolleys as well as electrical equipment (replacement of lighting fixtures for stores).

Additions to motor vehicles amounting to SAR 7.5 million during 2017G mainly included new employee and transportation vehicles attributable to Danube. Additions to motor vehicles amounting to SAR 1.8 million during 2018G mainly included purchase of additional vehicles for employees. Additions made to motor vehicles, amounting to SAR 2.2 million during 2019G, mainly related to new commercial vehicles purchased as replacement of older vehicles.

Additions to furniture, fixtures and leasehold improvements amounting to SAR 25.7 million during 2017G included shelves & stands, fixtures, etc. replaced during renovations of Danube stores. Additions to furniture, fixtures and leasehold improvements amounted to SAR 15.4 million during 2018G and SAR 5.3 million during 2019G. These mainly included capital expenditure incurred on shelfs, stands and signboards at a range of stores in the normal course of business.

Additions to computers during 2017G and 2018G mainly included hardware and other related accessories attributable to Danube. Additions to computers during 2019G mainly related to laptops purchased for head office employees.

Additions to capital work in progress amounting to SAR 276.0 million during 2017G were mainly attributable to new Danube stores (SAR 204.9 million) which include Tahlia 2 in Jeddah (SAR 25.3 million), Mughrazat in Riyadh (SAR 23.2 million), Suhool in Jubail (SAR 22.6 million) and Al Rawabi in Riyadh (SAR 19.5 million). Additions to capital work in progress amounting to SAR 107.9 million during 2018G were mainly attributable to new Danube stores (SAR 93.4 million) which include Hail Plaza in Hail (SAR 25.9 million), Al Ma'zar in Riyadh (SAR 19.7 million). Additions to capital work in progress, amounting to SAR 20.8 million during 2019G, were mainly attributable to one operational Danube store; Tera Mall in Taif (SAR 3.1 million) and two under construction Danube stores; Al Hail in Hail (SAR 3.9 million) and Alandalus in Riyadh (SAR 2.7 million). Further, capital work in progress additions were also related to a Danube kiosk at Jeddah Haramain train station (SAR 2.0 million).

Management has no formal policy to renovate existing stores. However, certain measures including weekly assessment by dedicated in-house team and regular maintenance on periodic basis are employed to maintain the upkeep of the stores. Major refurbishments are undertaken when the revenue of the store is expected to be impacted materially. One Danube store and one BinDawood store that were opened prior to 2009G have not been renovated since opening and are not expected to be renovated in the next three years. These include Sirafe in Jeddah (Danube) and Zahra in Madinah (BinDawood). Management is considering relocating the Sirafe store to a new mall (currently under construction) located opposite to the current Sirafe Mall. Further, regarding Zahra, management believes that routine repair and maintenance activities have ensured that this store does not currently require major renovation and renovations are not required in order to achieve further sales growth and sustainable profitability.

Table (6-33): Capital expenditure on stores

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Total additions (capex)	352.4	144.0	41.5	(59.1%)	(71.2%)	(65.7%)
Increase / decrease in capex payable	(90.6)	139.3	91.5	(253.8%)	(34.3%)	nm
Cash capex	261.8	283.3	133.0	8.2%	(53.1%)	(28.7%)
Capex per sq.m. for new stores						
Danube	2,987	3,309	2,742	10.8%	(17.1%)	(4.2%)
BinDawood	4,019	3,665	3,683	(8.8%)	0.5%	(4.3%)

Source: Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

Capital expenditure incurred by the Company was primarily driven by the introduction of new stores. Cash capex increased by 8.2% from SAR 261.8 million in 2017G to SAR 283.3 million in 2018G, whereas, the number of stores opened decreased to 6 new stores in 2018G from 13 new stores in 2017G. This was primarily due to carry over of capex payable in 2017G to 2018G as per the credit terms agreed with the suppliers. In contrast, capital expenditure incurred declined by 53.1% in 2019G compared to 2018G in line with the decline in the number of stores opened to 2 new stores in 2019G.

Capex per sq.m. for new stores of Danube increased by 10.8% from SAR 2,987 in 2017G to SAR 3,309 in 2018G from introduction of a higher number of hypermarkets in comparison with supermarkets. In contrast, capex per sq. m. for new stores of BinDawood decreased by 8.8% from SAR 4,019 in 2017G to SAR 3,665 in 2018G due to improvement in capex efficiency (e.g. use of higher quality supplies, regular maintenance and better upkeep of stores). In 2019G, capex per sq.m. for new stores of Danube decreased by 10.8% to SAR 2,742 whereas capex per sq.m. for new stores of BinDawood did not witness significant movement compared to 31 December 2018G. This was primarily due to negotiation of lower prices from capex suppliers as well as further improvement in capex efficiency.

Table (6-34): Transfers from capital work in progress by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Equipment	165.9	63.5	29.6	(61.8%)	(53.4%)	(57.8%)
Furniture, fixtures and leasehold improvements	148.1	51.1	22.8	(65.5%)	(55.4%)	(60.8%)
Computers	9.8	3.9	1.3	(59.9%)	(66.9%)	(63.5%)
Total	**323.9**	**118.5**	**53.7**	**(63.4%)**	**(54.7%)**	**(59.3%)**

Source: Consolidated financial statements and Company information.

Transfers from capital work in progress to equipment, furniture, fixtures and leasehold improvements and computers were mainly attributable to new stores opened during 2017G, 2018G and 2019G. Upon completion of the stores, once the assets were considered ready for use, capital expenditure incurred on the stores was transferred from capital work in progress to the applicable asset classes. Transfers from capital work in progress decreased by 63.4% from SAR 323.9 million during 2017G to SAR 118.5 million during 2018G primarily due to a decline in the number of stores opened during 2018G (6 stores) compared to (13 stores) opened during 2017G. Transfers from capital work in progress further decreased by 54.7% to SAR 53.7 million during 2019G compared to 2018G mainly due to a decline in the number of stores opened during 2019G (2 stores) compared to (6 stores) opened during 2018G.

Transfers from capital work in progress during 2017G primarily related to Danube stores (like Mousa in Al Ahsa, Green Oasis in Riyadh, Raka in Khobar/Dammam, Waha in Riyadh, Buhairah in Khobar/Dammam, Ghadeer in Riyadh, etc.) and BinDawood stores (like Jalala 3 in Khamis Mushait, BinJuma Center in Taif and Sittin in Jeddah). Transfers from capital work in progress during 2018G primarily related to Danube stores (like Tahlia 2 in Jeddah, Suhool in Jubail, Unaizah in Riyadh and Ravala Plaza in Abha) and BinDawood stores (like Alfalah in Jeddah and Shoqia in Makkah). Transfers from capital work in progress during 2019G primarily related to Danube store (Tera Mall in Taif) and BinDawood store (Bin Juma-2 in Taif).

Table (6-35): Disposals of property and equipment by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Equipment	7.8	3.1	7.2	(60.7%)	133.5%	(4.2%)
Motor vehicles	0.7	1.2	3.0	57.6%	155.9%	100.8%
Furniture, fixtures and leasehold improvements	2.9	0.4	0.2	(85.4%)	(45.3%)	(71.8%)
Computers	0.02	0.02	-	(12.4%)	(100.0%)	(100.0%)
Total	**11.5**	**4.7**	**10.4**	**(59.2%)**	**122.0%**	**(4.8%)**
Write – offs	1.9	0.1	5.3	(92.7%)	nm	67.3%

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

Disposal of the Company's property and equipment during 2017G amounted to SAR 11.5 million. These mainly include equipment (like air-conditioning units & freezers), motor vehicles (like damaged cars) and furniture, fixtures and leasehold improvements (like shelves, stands and shopping trolleys) attributable to BinDawood stores.

Disposal of the Company's property and equipment during 2018G amounted to SAR 4.7 million. These mainly related to equipment (mainly shopping trolleys) and motor vehicles (mainly transportation vehicles).

Disposal of the Company's property and equipment during 2019G amounted to SAR 10.4 million. These mainly related to equipment (mainly redundant bakery assets) and motor vehicles (mainly retired commercial vehicles).

Property and equipment write offs during 2017G, 2018G and 2019G amounted to SAR 1.9 million, SAR 0.1 million and SAR 5.3 million, respectively. These write offs were primarily related to shopping trolleys, shelves and computer equipment which were retired from use in the normal course of business.

6.5.2.1.4 Intangible assets

6.5.2.1.4.1 Intangible assets by Subsidiary

Table (6-36): Consolidated net book value of intangible assets by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	0.2	0.3	0.1	24.9%	(64.2%)	(33.1%)
Danube	0.2	0.3	0.1	41.2%	(68.6%)	(33.4%)
Total	**0.4**	**0.6**	**0.2**	**32.0%**	**(66.3%)**	**(33.2%)**

Source: Company information.

Intangible assets mainly include point of sale systems' licenses and computer software programs. Net book value of intangible assets for BinDawood and Danube increased by 24.9% and 41.2%, respectively, as at 31 December

2018G (compared to 31 December 2017G). This was primarily due to additions or upgrades of software, BIZERBA (for tagging of property and equipment) and CISCO (for telephones at new stores). In contrast, net book value of intangible assets for BinDawood and Danube decreased by 64.2% and 68.6%, respectively, as at 31 December 2019G (compared to 31 December 2018G). This was mainly due to ongoing amortization charges.

6.5.2.1.4.2 Intangible asset by component

Table (6-37): Consolidated net book value of intangible assets by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Point of sale systems	0.1	0.2	0.1	160.3%	(48.9%)	15.3%
Software	0.4	0.4	0.1	1.6%	(76.8%)	(51.4%)
Total	**0.4**	**0.6**	**0.2**	**32.0%**	**(66.3%)**	**(33.2%)**

Source: Company information.

Net book value of intangible assets increased by 32.0% from SAR 0.4 million as at 31 December 2017G to SAR 0.6 million as at 31 December 2018G. This was primarily due to additions or upgrades of software, BIZERBA (for tagging of property and equipment) and CISCO (for telephones at new stores). In contrast, net book value of intangible assets decreased by 66.3% to SAR 0.2 million as at 31 December 2019G compared to 31 December 2018G. This was mainly due to ongoing amortization charges.

6.5.2.1.5 Right of use assets

Table (6-38): Right of use assets by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	-	-	797.6	N/A	N/A	N/A
Danube	-	-	1,557.6	N/A	N/A	N/A
Danube Star	-	-	1.7	N/A	N/A	N/A
Total	**-**	**-**	**2,356.8**	**N/A**	**N/A**	**N/A**

Source: Company information.

The Company has operating lease arrangements mainly for its stores, which were previously recognized as an operating lease under IAS17. Under IAS 17, operating lease rentals are recognized as lease expenses in the statement of profit or loss on a straight-line basis. The Company adopted IFRS 16 for its financial year ended 31 December 2019G. IFRS 16 applies a single lease accounting model under which it recognizes all major leases on-balance sheet. Only exceptions for the application of IFRS 16 (i.e. lessee has an option not to apply the lease accounting model under IFRS 16), are lease arrangements which are of low-value or are short term leases (less than 1 year). The Company applied IFRS 16 on all its long-term lease arrangements and recognized a 'Right-of-Use' asset and recognized lease liability at the present value of future lease payments. Depreciation is recorded as an expense in the statement of profit or loss with a credit to 'Right-of-Use' asset. Interest expense on lease liabilities is recognized in the statement of profit or loss at each reporting period. At the end of the lease term, 'Right-of-Use' asset will be zero due to depreciation charged over the years, and lease liability will be zero due to liability settlement over the lease period.

Right of use assets amounted to SAR 2,356.8 million as at 31 December 2019G. These were mainly attributable to store leases of Danube and BinDawood. Management did not apply IFRS 16 to certain short-term employee accommodations, short term leases or store leases with variable rent arrangements (linked to the revenue of the store).

Refer to significant accounting policies section for more details on IFRS 16.

6.5.2.2 Current assets

6.5.2.2.1 Current assets by entity

Table (6-39): Consolidated current assets by entity

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood Holding Company	1.0	1.0	1.0	-	-	-
BinDawood	401.8	487.4	554.0	21.3%	13.7%	17.4%
Danube	625.2	703.2	879.3	12.5%	25.0%	18.6%
Danube Star	32.6	28.9	30.2	(11.4%)	4.8%	(3.7%)
Sub total	1,060.5	1,220.4	1,464.5	15.1%	20.0%	17.5%
Consolidation adjustment	(60.7)	(81.9)	(18.3)	34.8%	(77.6%)	(45.1%)
Total	**999.8**	**1,138.5**	**1,446.2**	**13.9%**	**27.0%**	**20.3%**

Source: Company information.

Note: Consolidation adjustment primarily related to elimination of related party balances between BinDawood, Danube and Danube Star upon consolidation

There was no material variance noted in current assets attributable to BinDawood Holding Company between 31 December 2017G, 31 December 2018G and 31 December 2019G. Current assets of BinDawood Holding Company were mainly attributable to the cash and cash equivalents balance attributable to the Company.

BinDawood's current assets increased by 21.3% from SAR 401.8 million as at 31 December 2017G to SAR 487.4 million as at 31 December 2018G. This was primarily due to an increase in inventory and cash and cash equivalents balances. These further increased by 13.7% from SAR 487.4 million as at 31 December 2018G to SAR 554.0 million as at 31 December 2019G primarily due to an increase in inventory, other receivable (due to recognition of higher Supplier Support Incentive towards the end of the year in 2019G following the finalization of Supplier Support Incentive contracts which resulted in higher other receivables balances as at 31 December 2019G compared to 31 December 2018G) and cash and cash equivalents balances.

Danube's current assets increased by 12.5% from SAR 625.2 million as at 31 December 2017G to SAR 703.2 million as at 31 December 2018G. This was primarily due to an increase in trade accounts receivable and other receivable balances. These further increased by 25.0% from SAR 703.2 million as at 31 December 2018G to SAR 879.3 million as at 31 December 2019G primarily due to an increase in cash and cash equivalents and other receivables. Other receivables increased primarily due to due to recognition of higher Supplier Support Incentive towards the end of the year in 2019G following the finalization of Supplier Support Incentive contracts which resulted in higher other receivables balances as at 31 December 2019G compared to 31 December 2018G.

There was no material variance noted in current assets attributable to Danube Star between 31 December 2017G, 31 December 2018G and 31 December 2019G.

6.5.2.2.2 Current assets by component

Table (6-40): Consolidated current assets by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Inventories	759.7	805.6	919.0	6.1%	14.1%	10.0%
Trade and other receivables	104.3	156.6	260.3	50.1%	66.2%	58.0%
Prepayments and advances	41.2	51.7	52.0	25.6%	0.4%	12.3%
Due from related parties	-	1.7	-	N/A	(100.0%)	N/A
Cash and cash equivalents	94.7	122.9	215.0	29.8%	74.9%	50.7%
Total current assets	**999.8**	**1,138.5**	**1,446.2**	**13.9%**	**27.0%**	**20.3%**

Source: Consolidated financial statements and Company information.

Note: Breakdown of current assets was adjusted for 2017G (trade and other receivables and prepayments and advances) in line with the presentation of 2019G audited consolidated financial statements for comparison purposes. None of the balances were reclassified to other line items.

Current assets increased by 13.9% from SAR 999.8 million as at 31 December 2017G to SAR 1,138.5 million as at 31 December 2018G. This was primarily due to an increase in inventories and trade and other receivables. Current assets further grew by 27.0% to SAR 1,446.2 million as at 31 December 2019G compared to 31 December 2018G. This was mainly driven by an increase in inventories, trade and other receivables and cash and cash equivalents.

6.5.2.2.3 Inventories

6.5.2.2.3.1 Inventories by Subsidiary

Table (6-41): Consolidated inventories by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	262.2	282.9	339.3	7.9%	19.9%	13.8%
Danube	472.5	498.5	571.9	5.5%	14.7%	10.0%
Danube Star	25.0	24.2	7.8	(3.1%)	(67.9%)	(44.2%)
Total	**759.7**	**805.6**	**919.0**	**6.1%**	**14.1%**	**10.0%**

Source: Company information.

Inventories mainly represented finished goods at stores, as well as raw materials and packaging materials.

There was no material variance noted in inventories attributable to BinDawood, Danube or Danube Star between 31 December 2017G and 31 December 2018G.

BinDawood's inventories grew by 19.9% from SAR 282.9 million as at 31 December 2018G to SAR 339.3 million as at 31 December 2019G. This was primarily due to additional year-end promotional activities requiring the Company to ensure sufficient availability of inventory at year end.

Danube's inventories grew by 14.7% from SAR 498.5 million as at 31 December 2018G to SAR 571.9 million as at 31 December 2019G. This was primarily due to an increase in finished goods inventory, mainly driven by an increase in FMCG products inventory, procured for supporting additional year-end promotional activities. Further, increase was also attributable to additional inventory purchased for two stores opened during first quarter of 2020G.

Danube Star's inventories decreased by 67.9% from SAR 24.2 million as at 31 December 2018G to SAR 7.8 million as at 31 December 2019G. This decline was mainly due to majority of the production being carried out at Danube Star's manufacturing facility rather than at each store level. Therefore, raw material requirements were better controlled, which was previously purchased in bulk to obtain supplier discounts at the Danube Star level.

6.5.2.2.3.2 Inventories by component

Table (6-42): Consolidated inventories by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Finished goods	734.2	789.8	904.1	7.6%	14.5%	11.0%
Raw materials	16.3	7.2	5.4	(56.0%)	(24.1%)	(42.3%)
Packing material	9.2	8.7	9.5	(5.5%)	9.1%	1.5%
Total	**759.7**	**805.6**	**919.0**	**6.1%**	**14.1%**	**10.0%**

Source: Consolidated financial statements and Company information.

Inventories increased by 6.1% from SAR 759.7 million as at 31 December 2017G to SAR 805.6 million as at 31 December 2018G. Inventories further grew by 14.1% to SAR 919.0 million as at 31 December 2019G compared to 31 December 2018G. This was primarily due to an increase in finished goods inventory, which was driven by an increase in FMCG products inventory between 31 December 2017G and 31 December 2019G.

Finished goods inventory mainly represented goods held for sale at stores. These mainly included FMCG products, non-food products, perishable and nuts, meat and fish and bakery products. Finished goods inventory increased by 7.6% from 734.2 million as at 31 December 2017G to SAR 789.8 million as at 31 December 2018G. This was primarily due to an increase in FMCG products for new stores opened during 2018G, in addition to increase in non-food inventory due to lower sales in 2018G. Finished goods inventory further grew by 14.5% to SAR 904.1 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly attributable to opening of 2 stores during 2019G, and the imposition of excise duty on additional products in December 2019G. Further, this increase was also driven by additional year-end promotional activities which required the Company to hold sufficient inventory to support these promotional activities. Additionally, the increase in inventory in 2019G pertained to inventory held for two new stores whose introduction was postponed to 2020G.

Raw materials inventory was mainly represented by raw materials acquired for the production of bakery products at Danube Star. Raw material inventory decreased by 56.0% from SAR 16.3 million as at 31 December 2017G to SAR 7.2 million as at 31 December 2018G. This decrease was in the normal course of business since no major raw material purchases were made close to the year-end in 2018G, as compared to 2017G. Raw material inventory further decreased by 24.1% to SAR 5.4 million as at 31 December 2019G compared to 31 December 2018G. This decline was mainly due to a majority of the production being carried out at the manufacturing facilities rather than at each store level. Therefore, raw material requirements were better controlled, which was previously purchased in bulk to obtain supplier discounts at the Danube Star level.

Packing materials inventory was mainly represented by packing materials acquired for the production of bakery products at Danube Star and shopping bags at Danube and BinDawood stores. There was no material variance noted in packing materials inventory between 31 December 2017G and 2019G.

Inventory balances are presented net of provisions for return to vendor (RTV) and inventory shrinkage provisions. RTV provisions are recognized against inventory where finished goods inventory is not returnable to suppliers in case of expiry or damage. The Company stopped recognizing RTV provisions in 2019G since any inventory shrinkage were expensed as incurred. Inventory shrinkage provisions are recognized against the differences between physical and accounting records.

6.5.2.2.3.3 Inventories by department

Table (6-43): Consolidated inventories by department

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Grocery / FMCG	465.9	523.0	623.3	12.3%	19.2%	15.7%
Non-food	246.8	231.3	249.4	(6.3%)	7.8%	0.5%
Others	47.0	51.4	46.3	9.3%	(9.9%)	(0.7%)
Total	**759.7**	**805.6**	**919.0**	**6.1%**	**14.1%**	**10.0%**
1. Wastage ratio (%)	9.6%	8.9%	3.9%	-	-	-
2. Shrinkage ratio (%)	8.5%	10.6%	7.5%	-	-	-

Source: Company information.

1. Wastage ratio = wastage expense for the year / total inventories balance as at year end

2. Shrinkage ratio = shrinkage expense for the year / total inventories balance as at year end

Grocery / FMCG (fast moving consumer goods) relates to grocery items including dairy, hygiene, cleaning and personal care products. These accounted for 61.3%, 64.9% and 67.8% of total inventory as at 31 December 2017G, 2018G and 2019G, respectively. Grocery / FMCG inventory balance increased by 12.3% from SAR 465.9 million as at 31 December 2017G to SAR 523.0 million as at 31 December 2018G. This was mainly driven by the increase in the number of stores in 2018G. Grocery / FMCG inventory balance further increased by 19.2% to SAR 623.3 million as at 31 December 2019G compared to 31 December 2018G. This increase was primarily attributable to revenue growth of new stores opened the previous year as well as opening of 2 stores during 2019G and the facilitation of promotions planned close to end of the year alongside opening inventory for stores opened in 2020G.

Non-food inventory mainly represents home electronics, garments, linens and other household items. These accounted for 32.5%, 28.7% and 27.1% of total inventory as at 31 December 2017G, 2018G and 2019G, respectively. Non-food inventory balance decreased by 6.3% from SAR 246.8 million as at 31 December 2017G to SAR 231.3 million as at 31 December 2018G, despite an increase in the number of stores. This decline was mainly on account of liquidation of excess non-food inventory. In contrast, non-food inventory grew by 7.8% to SAR 249.4 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly due to procurement of non-food items by the Company at attractive prices in bulk quantities towards the end of 2019G.

Others mainly comprise perishables and nuts (fruits, vegetables, nuts and dates) and bakery in addition to meat and fish inventory net of any return to vendor provisions. Others grew by 9.3% from SAR 47.0 million as at 31 December 2017G to SAR 51.4 million as at 31 December 2018G. This was mainly due to the Company no longer recognizing a return to vendor provision as at 31 December 2018G as any inventory shrinkage incurred are expensed directly in the income statement. In contrast, others declined by 9.9% to SAR 46.3 million as at 31 December 2019G compared to 31 December 2018G. This was mainly driven by a decline in bakery and meat and fish inventory as a result of implementing better inventory management controls by the Company.

Provision for inventory shrinkage amounted to SAR 41.4 million, SAR 46.0 million and SAR 47.1 million as at 31 December 2017G, 2018G and 2019G, respectively. Provision for inventory shrinkage increased by 11.1% from 31 December 2017G to 31 December 2018G. This was primarily due to a change in the Company's policy of conducting inventory counts. Whereas previously, the Company used to conduct annual inventory of newly opened stores in the subsequent year, beginning from 2018G, the Company changed its policy to conduct inventory within a year of opening new stores. In addition, the Company has started a physical stock take of fruit, vegetables, meat and fish on a monthly basis. The change of policy resulted in the recording of a significant one-time inventory shrinkage in 2018G for stores opened since 2017G. In contrast, provision for inventory shrinkage did not witness significant fluctuations as at 31 December 2019G compared to 31 December 2018G. This was mainly due to stricter controls put in place by management on inventory items. Inventory wastages are expensed directly as part of cost of sales in the year of occurrence.

Wastage expense did not witness material fluctuation from SAR 72.7 million in 2017G to SAR 72.0 million in 2018G. In contrast, decline in wastage ratio from 9.6% in 2017G to 8.9% in 2018G was mainly on account of an increase in inventories balance from SAR 759.7 million as at 31 December 2017G to SAR 805.6 million as at 31 December 2018G, for reasons discussed above. Wastage expense declined to SAR 35.4 million resulting in a decline in wastage ratio to 3.9% in 2019G as compared to 2018G. This was mainly attributable to stricter inventory controls implemented for imported inventory items which allowed for timely liquidation or other selling activities for imported inventory items, close to expiry.

6.5.2.2.4 Trade and other receivables; and prepayment and advances

6.5.2.2.4.1 Trade and other receivables by Subsidiary

Table (6-44): Consolidated trade and other receivables by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	41.0	50.8	84.9	23.8%	67.1%	43.8%
Danube	62.7	105.2	175.1	67.6%	66.5%	67.1%
Danube Star	0.5	0.6	0.3	18.6%	(52.8%)	(25.2%)
Total	**104.3**	**156.6**	**260.3**	**50.1%**	**66.2%**	**58.0%**

Source: Consolidated financial statements and Company information.

Trade and other receivables mainly comprised trade accounts receivable and other receivables.

BinDawood's trade and other receivables increased by 23.8% from SAR 41.0 million as at 31 December 2017G to SAR 50.8 million as at 31 December 2018G. This was mainly due to an increase in other receivables primarily due to BDH combining the purchasing teams of Danube and BinDawood to have stricter control and better negotiating power with suppliers. This resulted in an increase in Supplier Support Incentive alongside an increase in other receivable balances due from suppliers. These further increased by 67.1% to SAR 84.9 million as at 31 December 2019G compared to 31 December 2018G due to a further increase in other receivable balances mainly due to recognition of higher Supplier Support Incentive towards the end of the year in 2019G following the finalization of Supplier Support Incentive contracts which resulted in higher other receivables balances as at 31 December 2019G compared to 31 December 2018G.

Danube's trade and other receivables increased by 67.6% from SAR 62.7 million as at 31 December 2017G to SAR 105.2 million as at 31 December 2018G. This was mainly due to an increase in other receivables. These further increased by 66.5% to SAR 175.1 million as at 31 December 2019G compared to 31 December 2018G due to an increase in trade receivable and other receivable balances. Trade receivables increased mainly due to an increase in sales to VIP customers; whilst other receivable balances increased mainly due to recognition of higher Supplier Support Incentive towards the end of the year in 2019G following the finalization of Supplier Support Incentive contracts which resulted in higher other receivables balances as at 31 December 2019G compared to 31 December 2018G.

No material movement was witnessed in Danube Star's trade and other receivables between 31 December 2017G, 31 December 2018G and 31 December 2019G.

6.5.2.2.4.2 Trade and other receivables by component

Table (6-45): Consolidated trade and other receivables by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Financial assets						
Trade accounts receivable	30.4	41.4	75.4	35.8%	82.2%	57.3%
Employee advances	5.2	5.5	7.2	7.4%	29.6%	18.0%
Other receivables	68.7	109.7	177.7	59.7%	62.0%	60.9%
Total	**104.3**	**156.6**	**260.3**	**50.1%**	**66.2%**	**58.0%**

Source: Consolidated financial statements and Company information.

Note: Breakdown of current assets was adjusted for 2017G in line with the presentation of 2019G audited consolidated financial statements for comparison purposes. None of the balances were reclassified to other line items.

Trade accounts receivable mainly represented balances due from VIP Customers which issued approved quotations for each order, which have minimal risk of default and tenants who have been sublet space at various stores. Trade receivables increased by 35.8% from SAR 30.4 million as at 31 December 2017G to SAR 41.4 million as at 31 December 2018G. This was primarily due to an increase in purchases and therefore an increase in balances receivable from VIP Customers close to the year ended 31 December 2018G. Trade receivables further grew by 82.2% to SAR 75.4 million as at 31 December 2019G compared to 31 December 2018G. This was mainly driven by an increase in sales to VIP Customers.

Employee advances mainly represented advances paid to employees for any urgent personal requirements. These advances are formally approved by the HR Director of BDH. Further, these advances are fully recoverable and deducted from the employees' salaries on an ongoing basis. There was no significant variance noted in employee advances between 31 December 2017G and 31 December 2018G. Employee advances increased by 29.6% from SAR 5.5 million as at 31 December 2018G to SAR 7.2 million as at 31 December 2019G. This increase was in the normal course of business.

Other receivables mainly represented balances recoverable from suppliers on account of Supplier Support Incentive due. These balances are disclosed separately from trade payable balances in the audited consolidated financial statements of BDH. Other receivables increased by 59.7% from SAR 68.7 million as at 31 December 2017G to SAR 109.7 million as at 31 December 2018G. This was primarily due to BDH combining the purchasing teams of Danube and BinDawood to have stricter control and better negotiating power with suppliers. This resulted in an increase in Supplier Support Incentive alongside an increase in other receivable balances due from suppliers. Other receivables further grew by 62.0% to SAR 177.7 million as at 31 December 2019G compared to 31 December 2018G. This was mainly due to recognition of higher Supplier Support Incentive towards the end of the year in 2019G following the finalization of Supplier Support Incentive contracts which resulted in higher other receivables balances as at 31 December 2019G compared to 31 December 2018G.

6.5.2.2.4.3 Prepayments and advances by component

Table (6-46): Consolidated prepayments and advances by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Non-financial assets						
Prepayments	38.1	49.3	44.9	29.6%	(9.0%)	8.6%
Advances to suppliers	3.1	2.4	7.1	(22.9%)	193.9%	50.5%
Total	**41.2**	**51.7**	**52.0**	**25.6%**	**0.4%**	**12.3%**

Source: Consolidated financial statements and Company information.

Note: Breakdown of current assets was adjusted for 2017G in line with the presentation of 2019G audited consolidated financial statements for comparison purposes. None of the balances were reclassified to other line items.

Prepayments and advances comprised prepayments and advances to suppliers. Prepayments and advances increased by 29.6% from SAR 38.1 million as at 31 December 2017G to SAR 49.3 million as at 31 December 2018G. This was primarily due to an increase in prepayments. In contrast, prepayments and advances did not witness significant fluctuations between 31 December 2018G and 31 December 2019G.

Prepayments mainly represented prepaid rentals of stores and warehouses and prepaid iqama charges of expatriate employees. Prepayments increased by 29.6% from SAR 38.1 million as at 31 December 2017G to SAR 49.3 million as at 31 December 2018G. This was primarily due to an increase in prepaid iqama charges due to majority of the iqama related charges being paid close to the year-end during 2018G compared to earlier in the year during 2017G. In contrast, prepayments declined by 9.0% to SAR 44.9 million as at 31 December 2019G compared to 31 December 2018G. This was mainly on account of a decline in prepaid rent by 73.6% driven by the introduction of IFRS 16, whereby leased property assets were recorded under rights of use assets on the Company's balance sheet. This decline was slightly offset by an increase in other prepayments relating to new visas issued for employees, which were not fully amortized as at 31 December 2019G.

Advances to suppliers mainly represented advances paid to capex related suppliers to new stores and the renovation of existing stores. Advances to suppliers decreased by 22.9% from SAR 3.1 million as at 31 December 2017G to SAR 2.4 million as at 31 December 2018G. This was primarily due to a decrease in the number of stores opened in 2019G as compared to 2018G. In contrast, advances to suppliers grew by 193.9% to SAR 7.1 million as at 31 December 2019G compared to 31 December 2018G. This was mainly due to an advance payment amounting to SAR 2.0 million attributable to a land lease to be used for the new production facility for Danube Star in Al Khumra, in addition to SAR 2.0 million advance payment made in relation to the procurement of an IT server for the Company.

Table (6-47): Consolidated trade receivables ageing analysis as at 31 December 2019G

SAR'm	0 - 60 days	60 - 90 days	Over 90 days	Total
Trade receivables	24.6	9.0	32.1	65.7
Bank and Rent receivables	-	-	-	9.7
Total	**-**	**-**	**-**	**75.4**

Source: Company information.

A majority of outstanding trade accounts receivable was related to VIP Customers, accounting for 82.6% of the total trade accounts receivable balance as at 31 December 2019G. As mentioned previously, VIP Customers issue approved quotations for each order, which have minimal risk of default. There would have been no material impact for expected credit loss (ECL) if IFRS 9 had been fully adopted, as most of its trade receivables are attributable to VIP Customers. Therefore, Company did not recognize any provision towards expected credit loss under the simplied approach as required under IFRS 9. Further, remaining receivable balances are considered immaterial which would result in immaterial provision if ECL method were to be applied. Moreover, none of the trade receivable balances were impaired or past due beyond the normal collection cycle as at 31 December 2019G, therefore they expect these to be fully recoverable. Trade receivable balances are aged in the normal course of business.

Bank and rent receivables are mainly attributable to credit / debit card sales and rent recoverable on account of shop rentals in the normal course of business.

6.5.2.2.5 Cash and cash equivalents

Table (6-48): Consolidated cash and cash equivalents by entity

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood Holding Company	1.0	1.0	1.0	-	-	-
BinDawood	61.9	95.5	110.1	54.3%	15.3%	33.3%
Danube	29.8	24.5	98.7	(17.6%)	302.7%	82.1%
Danube Star	2.0	1.9	5.2	(6.3%)	175.8%	60.8%
Total	**94.7**	**122.9**	**215.0**	**29.8%**	**74.9%**	**50.7%**

Source: Consolidated financial statements and Company information.

Cash and cash equivalents mainly represented cash held in hand or at banks. Cash and cash equivalents increased by 29.8% from SAR 94.7 million as at 31 December 2017G to SAR 122.9 million as at 31 December 2018G. This was primarily due to a decrease in cash used in investing and financing activities. Cash and cash equivalents further grew by 74.9% to SAR 215.0 million as at 31 December 2019G compared to 31 December 2018G. This was mainly driven by lower capex incurred during 2019G due to opening a fewer number of stores compared to previous years. In addition, it was attributable to lower dividends paid out due to capitalization of retained earnings in 2019G.

Refer to statement of cash flows section 6-5-3 for further details.

Table (6-49): Cash conversion cycle

Days	Financial year ended 31 Dec		
	2017G	2018G	2019G
Cash conversion cycle	17.5	23.0	30.3

Source: Company information.

1. Cash conversion cycle = Days sales outstanding (unadjusted) + Days inventory outstanding - Days payables outstanding

Cash conversion cycle days increased from 17.5 in 2017G to 23.0 in 2018G. This was primarily due to an increase in days sales outstanding (unadjusted) resulting from higher other receivables balance (as explained in the trade and other receivables section) as at 31 December 2018G as well as an increase in days inventory outstanding from higher inventories balance as at 31 December 2018G (as explained in the inventories section).. Cash conversion cycle days further increased to 30.3 days in 2019G compared to 2018G. This was mainly attributable to a higher other receivables balance (as explained in the trade and other receivables section) as at 31 December 2019G.

6.5.2.3 Non-current liabilities

6.5.2.3.1 Non-current liabilities by Subsidiary

Table (6-50): Consolidated non-current liabilities by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	29.7	30.5	745.9	2.9%	nm	401.5%
Danube	33.2	36.4	1,636.6	9.6%	nm	602.0%
Danube Star	12.8	13.3	6.8	4.2%	(49.0%)	(27.1%)
Total	**75.6**	**80.2**	**2,389.3**	**6.1%**	**nm**	**462.0%**

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

Non-current liabilities mainly represented employees' terminal benefits and non-current portion of lease liabilities (as at 31 December 2019G only).No material variance was noted in non-current liabilities attributable to BinDawood, Danube and Danube Star between 31 December 2017G and 31 December 2018G. Non-current liabilities attributable to BinDawood and Danube increased as at 31 December 2019G compared to 31 December 2018G primarily due to adoption of IFRS 16 for its financial year ended 31 December 2019G where lease liabilities were recognised mainly in relation to store leases at the present value of future lease payments (see following sections for details).

6.5.2.3.2 Non-current liabilities by component

Table (6-51): Consolidated non-current liabilities by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Employees' terminal benefits	75.6	80.2	91.9	6.1%	14.5%	10.2%
Lease liabilities	-	-	2,297.4	N/A	N/A	N/A
Total non-current liabilities	**75.6**	**80.2**	**2,389.3**	**6.1%**	**nm**	**462.0%**

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%

6.5.2.3.3 Employee termination benefits

Employees' termination benefits mainly represented a debt like item attributable to the statutory provision for end of service benefits and are based on an actuarial valuation conducted by a third-party actuary as at 31 December 2017G, 2018G and 2019G. These benefits are payable to employees upon resignation or termination of employment from the Company in line with Saudi Labour and Workman Law.

Employees' termination benefits increased by 6.1% from SAR 75.6 million as at 31 December 2017G to SAR 80.2 million as at 31 December 2018G. This was primarily due to an increase in the current service cost of employees working for BDH due to an increase in the number of stores. Employees' termination benefits further grew by 14.5% to SAR 91.9 million as at 31 December 2019G compared to 31 December 2018G. This was mainly attributable to an increase in current services cost due to an increase in average employee salaries driven by increased Saudization of employees at the Company.

6.5.2.3.4 Lease liabilities

Table (6-52): Consolidated lease liabilities by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Current portion						
BinDawood	-	-	109.2	N/A	N/A	N/A
Danube	-	-	111.5	N/A	N/A	N/A
Danube Star	-	-	0.2	N/A	N/A	N/A
Total	**-**	**-**	**221.0**	**N/A**	**N/A**	**N/A**
Non-current portion						
BinDawood	-	-	708.2	N/A	N/A	N/A
Danube	-	-	1,587.8	N/A	N/A	N/A
Danube Star	-	-	1.5	N/A	N/A	N/A
Total	**-**	**-**	**2,297.4**	**N/A**	**N/A**	**N/A**
Grand total	**-**	**-**	**2,518.4**	**N/A**	**N/A**	**N/A**

Source: Consolidated financial statements and Company information.

Table (6-53): Consolidated lease liabilities

SAR'm	Financial year ended 31 Dec
	2019G
As at 1 January	2,700.8
Additions	27.2
Accretion of interest	95.9
Payments	(305.4)
Balance as at 31 December	2,518.4
Less: current portion	221.0
Non-current lease liabilities	2,297.4

Source: Consolidated financial statements and Company information.

The Company has operating lease arrangements mainly for its stores, which were previously recognized as an operating lease under IAS17. Under IAS 17, in an operating lease, lease rentals are recognized as lease expenses in the statement of profit or loss on a straight-line basis. The Company adopted IFRS 16 for its financial year ended 31 December 2019G. IFRS 16 applies a single lease accounting model under which it recognizes all major lease on-balance sheet. Only exceptions for the application of IFRS 16 (i.e. lessee has an option not to apply the lease accounting model under IFRS 16), are lease arrangement which are of low-value or are short term leases (less than 1 year). The Company applied IFRS 16 on all its long-term lease arrangements and recognized a 'Right-of-Use' asset and recognized lease liability at the present value of future lease payments. Depreciation is recorded as an expense in the statement of profit or loss with a credit to 'Right-of-Use' asset. Interest expense on lease liabilities is recognized at each reporting period. At the end of the lease term, 'Right-of-Use' Asset will be zero due to depreciation charged over the years, and liability will be zero due to liability settlement over the lease period.

Lease liabilities amounted to SAR 2,297.4 million as at 31 December 2019G. These were mainly attributable to store leases. Management did not apply IFRS 16 to certain short-term employee accommodations, short term leases or store leases with variable rent arrangements (linked to the revenue of the store).

Refer to significant accounting policies section for more details on IFRS 16.

6.5.2.4 Current liabilities

6.5.2.4.1 Current liabilities by Subsidiary

Table (6-54): Consolidated current liabilities by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	360.3	363.2	425.6	0.8%	17.2%	8.7%
Danube	802.8	744.1	736.7	(7.3%)	(1.0%)	(4.2%)
Danube Star	77.0	84.2	23.9	9.3%	(71.6%)	(44.3%)
Sub total	1,240.0	1,191.4	1,186.2	(3.9%)	(0.4%)	(2.2%)
Consolidation adjustment	(60.7)	(81.9)	(18.3)	34.8%	(77.6%)	(45.1%)
Total	**1,179.3**	**1,109.5**	**1,167.9**	**(5.9%)**	**5.3%**	**(0.5%)**

Source: Company information.

Note: Consolidation adjustment primarily related to elimination of related party balances between BinDawood, Danube and Danube Star upon consolidation.

Current liabilities mainly include accounts payable, accruals and other financial liabilities alongside current portion of lease liabilities (as at 31 December 2019G only).

BinDawood's current liabilities did not witness a material variance between 31 December 2017G and 31 December 2018G. However, these increased by 17.2% from SAR 363.2 million as at 31 December 2018G to SAR 425.6 million as at 31 December 2019G. This was primarily due to adoption of IFRS 16 for its financial year ended 31 December 2019G where lease liabilities were recognised mainly in relation to store leases at the present value of future lease payments.

Danube's current liabilities decreased by 7.3% from SAR 802.8 million as at 31 December 2017G to SAR 744.1 million as at 31 December 2018G. This was mainly due to a decrease in accrued and other liabilities as a result of ongoing payments made to capital expenditure suppliers coupled with a lower number of store openings in 2019G. Danube's current liabilities did not witness a material variance between 31 December 2018G and 31 December 2019G, despite adoption of IFRS 16 for its financial year ended 31 December 2019G where lease liabilities were recognised mainly in relation to store leases at the present value of future lease payments. This was mainly due to a decline in accrued and other liabilities, mainly non-trade related payables (due to ongoing payments to capex suppliers coupled with a lower number of new store openings), and as a result of a decline in store and residence rent accruals upon adoption of IFRS 16 during 2019G.

Danube Star's current liabilities did not witness a material variance between 31 December 2017G and 31 December 2018G. However, these decreased by 71.6% from SAR 84.2 million as at 31 December 2018G to SAR 23.9 million as at 31 December 2019G. This decrease was primarily due to shifting all non-production related store level liabilities to Danube and BinDawood; making Danube Star a manufacturing unit only in 2019G as explained earlier.

6.5.2.4.2 Current liabilities by component

Table (6-55): Consolidated current liabilities by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Due to related parties	9.9	8.9	12.4	(10.2%)	39.1%	11.8%
Accounts payable, accruals and other financial liabilities	1,130.5	1,059.3	883.6	(6.3%)	(16.6%)	(11.6%)
Unearned income and other payable	22.0	34.7	35.3	58.1%	1.7%	26.8%
Lease liabilities (current portion)	-	-	221.0	-	N/A	N/A
Zakat payable	16.9	6.6	15.6	(61.1%)	136.9%	(4.0%)
Total current liabilities	**1,179.3**	**1,109.5**	**1,167.9**	**(5.9%)**	**5.3%**	**(0.5%)**

Source: Consolidated financial statements and Company information.

Note: Breakdown of current liabilities was adjusted for 2017G (accounts payable, accruals and other financial liabilities alongside unearned income and other payables) in line with the presentation of 2019G audited consolidated financial statements for comparison purposes. None of the balances were reclassified to other line items.

Current liabilities decreased by 5.9% from SAR 1,179.3 million as at 31 December 2017G to SAR 1,109.5 million as at 31 December 2018G. This was primarily due to a decrease in accounts payable, accruals and other financial liabilities coupled with a decrease in Zakat payable. In contrast, current liabilities grew by 5.3% to SAR 1,167.9 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly driven by the current portion of lease liabilities amounting to SAR 221.0 million recorded on balance sheet as at 31 December 2019G as a result of applying IFRS 16. This increase was slightly offset by a decline in accounts payable, accruals and other financial liabilities.

6.5.2.4.3 Accounts payable, accruals and other financial liabilities; and unearned income and other payables

6.5.2.4.3.1 Accounts payable, accruals and other financial liabilities by Subsidiary

Table (6-56): Consolidated accounts payable, accruals and other financial liabilities by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	333.5	341.3	284.8	2.3%	(16.6%)	(7.6%)
Danube	764.1	679.2	575.8	(11.1%)	(15.2%)	(13.2%)
Danube Star	32.9	38.9	23.1	17.9%	(40.6%)	(16.3%)
Total	**1,130.5**	**1,059.3**	**883.6**	**(6.3%)**	**(16.6%)**	**(11.6%)**

Source: Consolidated financial statements and Company information.

Accounts payable, accruals and other financial liabilities mainly represented trade accounts payable and accrued and other financial liabilities balance.

BinDawood's accounts payable, accruals and other financial liabilities did not witness material variance as at 31 December 2017G and 31 December 2018G. These decreased by 16.6% from SAR 341.3 million as at 31 December 2018G to SAR 284.8 million as at 31 December 2019G primarily due to a decline in trade accounts payable and accrued and other liabilities. Trade accounts payable decreased in the normal course of business, although accrued and other liabilities decreased mainly due to a decline in non-trade related payables (due to ongoing payments to capex suppliers coupled with a lower number of new store openings) and as a result of a decline in store and residence rent accruals upon adoption of IFRS 16 during 2019G.

Danube's accounts payable, accruals and other financial liabilities decreased by 11.1% from SAR 764.1 million as at 31 December 2017G to SAR 679.2 million as at 31 December 2018G. This was mainly due to a decline in non-trade payables reported under accrued and other liabilities. These decreased mainly due to ongoing payments made to capital expenditure suppliers coupled with a lower number of store openings in 2019G (which therefore required a comparatively lower amount to additional capital expenditure purchases). These further decreased by 15.2% to SAR 575.8 million as at 31 December 2019G as compared to 31 December 2018G primarily due to further decline in non-trade related payables (due to ongoing payments to capex suppliers coupled with a lower number of new store openings) and a decline in store and residence rent accruals upon adoption of IFRS 16 during 2019G.

6.5.2.4.3.2 Accounts payable, accruals and other financial liabilities by component

Table (6-57): Consolidated accounts payable, accruals and other financial liabilities by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Financial liabilities						
Trade accounts payable	639.9	674.9	732.1	5.5%	8.5%	7.0%
Accrued and other liabilities	490.6	384.4	151.5	(21.6%)	(60.6%)	(44.4%)
Total	**1,130.5**	**1,059.3**	**883.6**	**(6.3%)**	**(16.6%)**	**(11.6%)**

Source: Consolidated financial statements and Company information.

Note: Breakdown was adjusted for 201G7 in line with the presentation of 2019G audited consolidated financial statements for comparison purposes. None of the balances were reclassified to other line items.

Accounts payable, accruals and other financial liabilities decreased by 6.3% from SAR 1,130.5 million as at 31 December 2017G to SAR 1,059.3 million as at 31 December 2018G. This was primarily due to a decrease in accrued and other liabilities balance. Accounts payable, accruals and other liabilities declined further by 16.6% to SAR 883.6 million as at 31 December 2019G compared to 31 December 2018G. This decrease was mainly driven by a decrease in accrued and other liabilities balance.

Trade accounts payable mainly represented amounts payable to suppliers (mainly local suppliers). Credit period agreed with majority of the suppliers range between 30 and 60 days. Trade accounts payables increased by 5.5% from SAR 639.9 million as at 31 December 2017G to SAR 674.9 million as at 31 December 2018G. Trade accounts payables further increased by 8.5% to SAR 732.1 million as at 31 December 2019G compared to 31 December 2018G. These increases were mainly on account of ageing of trade accounts payable between 31 December 2017G and 2019G for reasons explained in the next section – trade payables ageing.

Accrued and other liabilities mainly represented payables due to capital expenditure related suppliers (not considered to be part of the core working capital of BDH), lease rental accruals, provisions for employee leaves, trade payables aged over 2 years (not considered to be part of the core working capital of BDH) and VAT related payables (as at 31 December 2018G only). Accrued and other liabilities decreased by 21.6% from SAR 490.6 million as at 31 December 2017G to SAR 384.4 million as at 31 December 2018G. This was primarily due to ongoing payments made to capital expenditure suppliers coupled with a lower number of store openings in 2019G which therefore required a comparatively lower amount to additional capital expenditure purchases. Accrued and other liabilities further decreased by 60.6% to SAR 151.5 million as at 31 December 2019G compared to 31 December 2018G. This decline was mainly a result of a decline in non-trade related payables (due to ongoing payments to capex suppliers coupled with a lower number of new store openings) and as a result of a decline in store and residence rent accruals upon adoption of IFRS 16 during 2019G.

6.5.2.4.3.3 Unearned income and other payables by Subsidiary

Table (6-58): Consolidated unearned income and other payables by Subsidiary

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood	12.3	14.4	13.1	16.8%	(8.8%)	3.2%
Danube	8.5	18.4	22.2	115.3%	20.7%	61.2%
Danube Star	1.1*	2.0	0.0	78.7%	(97.6%)	(79.5%)
Total	**22.0**	**34.7**	**35.3**	**58.2%**	**1.7%**	**26.8%**

Source: Consolidated financial statements and Company information.

**Note: This has been sourced from the standalone financial statements of Danube Star for 2018G (2017G comparative).*

Unearned income and other payables mainly represented VAT payable and supplier support related income received but not recognized in the statement of profit and loss on account of unsold inventory balance at year-end.

BinDawood's unearned income and other payables increased by 16.8% from SAR 12.3 million as at 31 December 2017G to SAR 14.4 million as at 31 December 2018G. This was mainly due to an increase in other payables mainly representing payable balance related to VAT, introduced in 2018G. BinDawood's unearned income and other payables did not witness material variance as at 31 December 2018G and 31 December 2019G.

Danube's unearned income and other payables increased by 115.3% from SAR 8.5 million as at 31 December 2017G to SAR 18.4 million as at 31 December 2018G. This was mainly due to an increase in other payables mainly representing payable balance related to VAT, introduced in 2018G. These further increased by 20.7% to SAR 22.2 million as at 31 December 2019G as compared to 31 December 2018G primarily due to an increase in sales in the last quarter of 2019G resulting in higher VAT payable balance at the year end.

6.5.2.4.3.4 Unearned income and other payables by component

Table (6-59): Consolidated unearned income and other payables by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Non-financial liabilities						
Unearned income	22.0	14.2	12.6	(35.4%)	(11.4%)	(24.4%)
Other payable	-	20.5	22.8	N/A	10.8%	N/A
Total	**22.0**	**34.7**	**35.3**	**58.1%**	**1.7%**	**26.8%**

Source: Consolidated financial statements and Company information.

Note: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

Unearned income decreased by 35.4% from SAR 22.0 million as at 31 December 2017G to SAR 14.2 million as at 31 December 2018G. Unearned income further decreased by 11.4% to SAR 12.6 million as at 31 December 2019G compared to 31 December 2018G. Decline in unearned income as at 31 December 2018G and 2019G was mainly driven by lower balance of one of the components of Supplier Support Incentive for which targets were not met as at 31 December 2018G and 31 December 2019G which resulted in a decline in gandola income. This was partially offset by an increase in rebates driven from increased purchases on the back of increased sales in 2019G.

Other payable mainly represented payable balance related to VAT, introduced in 2018G. Other payable increased by 10.8% from SAR 20.5 million in 2018G to SAR 22.8 million in 2019G. This was in the normal course of business.

Table (6-60): Consolidated trade payables ageing analysis as at 31 December 2019G

SAR'm	0 - 60 days	60 - 90 days	Over 90 days	Total
Total of trade payables	436.3	121.2	174.7	732.1

Source: Company information.

Trade accounts payable primarily represented amounts payable to suppliers (mainly local suppliers) for Danube and BinDawood. Credit period agreed with majority of the suppliers range between 30 and 60 days. SAR 295.9 million balance was payable for over 60 days due to delay in receipt of the statement of accounts and supplier confirmations on balances payable after adjusting for Supplier Support Incentive etc. from certain suppliers.

6.5.2.4.4 Lease liabilities (current portion)

Refer to lease liabilities section for further details.

6.5.2.4.5 Zakat payable

Table (6-61): Consolidated Zakat payable by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Balance at the beginning of the year	14.4	16.9	6.6	17.2%	(61.1%)	(32.5%)
Charge for the year	2.8	0.4	11.2	(84.7%)	nm	101.3%
Payments made during the year/period	(0.3)	(10.7)	(2.2)	nm	(79.5%)	176.7%
Balance at the end of the year	**16.9**	**6.6**	**15.6**	**(61.1%)**	**136.9%**	**(4.0%)**

Source: Consolidated financial statements and Company information.

Note: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%.

Zakat payable represented a debt like items that is calculated in accordance with rules and regulation issued by General Authority of Zakat and Tax (GAZT). Zakat is filed and assessed on a consolidated basis for BDH and its Subsidiaries. Zakat payable decreased by 61.1% from SAR 16.9 million as at 31 December 2017G to SAR 6.6 million as at 31 December 2018G. This was primarily due to a decrease in the Zakat charge by 84.7% from SAR 2.8 million in 2017G to SAR 0.4 million in 2018G. In contrast, Zakat payable grew by 136.9% to SAR 15.6 million as at 31 December 2019G compared to 31 December 2018G. This was mainly driven by an increase in Zakat charges recorded during 2019G. Further, the Company received final assessments in relation to the period until 2018G, therefore, any additional Zakat charge pertaining to prior periods was recognized in 2019G.

6.5.2.5 Equity

6.5.2.5.1 Equity by entity

Table (6-62): Consolidated equity by entity

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
BinDawood Holding Company	823.3	1,014.4	1,186.4	23.2%	16.9%	20.0%
BinDawood	223.8	293.9	373.2	31.3%	27.0%	29.1%
Danube	586.6	717.6	807.4	22.3%	12.5%	17.3%
Danube Star	11.9	1.9	4.8	(83.7%)	146.8%	(36.6%)
Sub total	1,645.5	2,027.9	2,371.7	23.2%	17.0%	20.1%
Consolidation adjustment	(822.3)	(1,013.4)	(1,185.4)	23.3%	17.0%	20.1%
Total	**823.3**	**1,014.4**	**1,186.4**	**23.2%**	**16.9%**	**20.0%**

Source: Company information.

Note 1: Consolidation adjustment was mainly attributable to the elimination of investment recorded in the standalone financial statements of BDH attributable to BinDawood, Danube and Danube Star upon consolidation.

Note 2: Numbers for 2017G have been sourced from standalone financial statements for 2018G for BinDawood, Danube and Danube Star.

Equity mainly represented the share capital, statutory reserves and retained earnings attributable to each of the legal entities shown in the table above. Equity attributable to BinDawood Holding Company increased by 23.2% from SAR 823.3 million as at 31 December 2017G to SAR 1,014.4 million as at 31 December 2018G. This was mainly due to income generated by BinDawood and Danube. However, BinDawood Holding Company's equity further increased by 16.9% from SAR 1,014.4 million as at 31 December 2018G to SAR 1,186.4 million as at 31 December 2019G mainly due an increase in share capital through capitalization of retained earnings and statutory reserve in December 2019G; alongside net income generated during 2019G.

Share Capital of BinDawood comprised 1,088,000 fully paid shares at a par value of SAR 10 per share as at 31 December 2017G, 2018G and 2019G. BinDawood's equity increased by 31.3% and 27.0% as at 31 December 2018G compared to 31 December 2017G and 31 December 2019G compared to 31 December 2018G, respectively. This was mainly due to an increase in retained earnings as a result of net income generated by BinDawood during 2019G.

Share Capital of Danube comprised 250,000 fully paid shares at a par value of SAR 10 per share as at 31 December 2017G, 2018G and 2019G. Danube's equity increased by 22.3% and 12.5% as at 31 December 2018G and 31 December 2019G. This was also mainly due to an increase in retained earnings as a result of net income generated by Danube during 2019G.

6.5.2.5.2 Equity by component

Table (6-63): Consolidated equity by component

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Share Capital	530.0	530.0	1,143.0	-	115.7%	46.9%
Statutory reserve	89.6	129.7	42.5	44.8%	(67.2%)	(31.1%)
Retained earnings	203.7	354.8	0.9	74.2%	(99.8%)	(93.5%)
Total equity	**823.3**	**1,014.4**	**1,186.4**	**23.2%**	**16.9%**	**20.0%**

Source: Consolidated financial statements and Company information.

Total equity increased by 23.2% from SAR 823.3 million as at 31 December 2017G to SAR 1,014.4 million as at 31 December 2018G. This was primarily due to an increase in retained earnings and statutory reserves. Total equity further grew by 16.9% to SAR 1,186.4 million as at 31 December 2019G compared to 31 December 2018G. This increase was mainly driven by net income for the year.

Share Capital of the Company comprised 530.0 million fully paid shares at a par value of SAR 10 per share as at 31 December 2017G and 2018G. Share capital increased by 115.7% from SAR 530.0 million as at 31 December 2018G to SAR 1,143.0 million as at 31 December 2019G. The Company increased its share capital through capitalization of retained earnings and statutory reserve in December 2019G.

Statutory reserve is maintained in accordance with Companies Law. BDH is required to transfer 10.0% of annual net income into this reserve until it equals 30.0% of the total paid up capital of the Company. This reserve is not available for distribution. Statutory reserve increased by 44.8% from SAR 89.6 million as at 31 December 2017G to SAR 129.7 million as at 31 December 2018G. This was primarily due to increasing this reserve by reserving 10% of the total comprehensive income for the year generated during 2018G. In contrast, statutory reserve decreased by 67.2% to SAR 42.5 million as at 31 December 2019G compared to 31 December 2018G. This was mainly attributable to the transfer of this balance to share capital.

Retained earnings increased by 74.2% from SAR 203.7 million as at 31 December 2017G to SAR 354.8 million as at 31 December 2018G. This primarily resulted from the net profit generated during 2018G partially offset by the dividend declared during the year. In contrast, retained earnings decreased by 99.8% to SAR 0.9 million as at 31 December 2019G compared to 31 December 2018G. This was mainly due to the transfer of this balance from retained earnings to share capital and statutory reserve, in addition to payment of dividends.

The Company has, over the last three years, consistently distributed dividends to its shareholders, amounting to SAR 286.9 million, SAR 210.0 million and SAR 245.0 million in 2017G, 2018G and 2019G, respectively. Although the Company intends to distribute dividends to its shareholders on yearly basis, there are no guarantees of actual dividends. Subject to the controls set by the competent authorities, the Company may distribute annual, semi-annual or quarterly dividends.

6.5.3 Statement of cash flows

6.5.3.1 Statement of cash flows data by Subsidiary

Table (6-64): BinDawood's statement of cash flows data

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Net cash from operating activities	267.2	160.0	277.3	(40.1%)	73.3%	1.9%
Net cash used in investing activities	(79.1)	(21.4)	(30.1)	(72.9%)	40.4%	(38.3%)
Net cash used in financing activities	(179.4)	(105.0)	(232.6)	(41.5%)	121.6%	13.9%
Net increase in cash and cash equivalents	8.6	33.6	14.6	289.3%	(56.6%)	30.0%
Cash and cash equivalents - opening	53.3	61.9	95.5	16.2%	54.3%	33.9%
Cash and cash equivalents - closing	**61.9**	**95.5**	**110.1**	**54.3%**	**15.3%**	**33.3%**

Source: BinDawood's financial statements and Company information.

Closing balance of cash and cash equivalents increased by 54.3% from SAR 61.9 million in 2017G to SAR 95.5 million in 2018G. This was mainly due to a decrease in net cash used in investing activities by 72.9% from a net cash outflow of SAR 79.1 million in 2017G to a net cash outflow of SAR 21.4 million in 2018G and a decline in net cash used in financing activities by 41.5% from a net cash outflow of SAR 179.4 million in 2017G to a net cash outflow of SAR 105.0 million in 2018G. Decrease in net cash flow used in investing activities resulted from a decrease in expansionary capital expenditure, whereas a decline in net cash outflows from financing activities was mainly due to decline in dividends paid in 2018G compared to 2017G. These declines were partially offset by a decline in net cash inflows from operating activities by 40.1% from SAR 267.2 million in 2017G to SAR 160.0 million in 2018G caused by an increase in working capital investment in inventories and balances due from related parties.

Closing balance of cash and cash equivalents increased by 15.3% from SAR 95.5 million in 2018G to SAR 110.1 million in 2019G. This was mainly due to an increase in net cash inflows from operating activities by 73.3% from a net cash inflow of SAR 160.0 million in 2018G to a net cash inflow of SAR 277.3 million in 2019G caused by an increase in the profit for the year before Zakat as well as an increase in non-cash adjustments mainly due to adoption of IFRS 16. This was partially offset by an increase in net cash used in financing activities by 121.6% from a net cash outflow of SAR 105.0 million in 2018G to a net cash outflow of SAR 232.6 million in 2019G on account of payments against lease related liabilities.

Table (6-65): Danube's statement of cash flows data

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Net cash from operating activities	342.1	209.1	463.6	(38.9%)	121.7%	16.4%
Net cash used in investing activities	(241.6)	(109.3)	(71.9)	(54.8%)	(34.2%)	(45.4%)
Net cash used in financing activities	(103.4)	(105.0)	(317.5)	1.5%	202.4%	75.2%
Net increase in cash and cash equivalents	(2.9)	(5.2)	74.2	80.7%	N/A	N/A
Cash and cash equivalents - opening	32.7	29.8	24.5	(8.9%)	(17.6%)	(13.4%)
Cash and cash equivalents - closing	**29.8**	**24.5**	**98.7**	**(17.6%)**	**302.7%**	**82.1%**

Source: Danube's financial statements and Company information.

Closing balance of cash and cash equivalents decreased by 17.6% from SAR 29.8 million in 2017G to SAR 24.5 million in 2018G. This was mainly due to a decrease in net cash inflows from operating activities by 38.9% from a net cash inflow of SAR 342.1 million in 2017G to a net cash inflow of SAR 209.1 million in 2018G on account of an increase in accounts receivables and as a result of ongoing payments to capital expenditure suppliers, recorded as current liabilities. This was partially offset by a decrease in net cash used in investing activities by 54.8% from a net cash outflow of SAR 241.6 million in 2017G to a net cash outflow of SAR 109.3 million in 2018G. This resulted from a decrease in expansionary capital expenditure.

Closing balance of cash and cash equivalents increased by 302.7% from SAR 24.5 million in 2018G to SAR 98.7 million in 2019G. This was mainly due to an increase in net cash inflows from operating activities by 121.7% from a net cash inflow of SAR 209.1 million in 2018G to a net cash inflow of SAR 463.6 million in 2019G caused by an increase in the profit for the year before Zakat as well as an increase in non-cash adjustments mainly due to adoption of IFRS 16. This was partially offset by an increase in net cash used in financing activities by 202.4% from a net cash outflow of SAR 105.0 million in 2018G to a net cash outflow of SAR 317.5 million in 2019G on account of payments against lease related liabilities as well as an increase in dividends paid.

Table (6-66): Danube Star's statement of cash flows data

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Net cash from operating activities	35.7	12.2	(62.8)	(65.7%)	N/A	N/A
Net cash used in investing activities	(31.3)	(12.4)	66.4	(60.5%)	N/A	N/A
Net cash used in financing activities	(4.1)	-	(0.3)	(100.0%)	N/A	(72.8%)
Net increase in cash and cash equivalents	0.3	(0.1)	3.3	(143.6%)	N/A	238.3%
Cash and cash equivalents - opening	1.7	2.0	1.9	16.8%	(6.3%)	4.6%
Cash and cash equivalents - closing	**2.0**	**1.9**	**5.2**	**(6.3%)**	**175.8%**	**60.8%**

Source: Danube Star's financial statements and Company information.

Closing balance of cash and cash equivalents increased by 175.8% from SAR 1.9 million in 2018G to SAR 5.2 million in 2019G. This was mainly due to an increase in net cash inflows from investing activities amounting to SAR 66.4 million in 2019G compared to net cash outflows amounting to SAR 12.4 million in 2018G. This was mainly due to disposals of property and equipment of Danube Star to BinDawood and Danube, respectively, upon shifting the sales related operations of Danube Star to BinDawood and Danube in 2019G, as explained earlier. This increase was partially offset by the net cash outflow amounting SAR 62.8 million in 2019G mainly attributable to an increase in cash used in working capital items (accounts receivables and prepayments, accounts payable, accruals and other liabilities, etc.).

6.5.3.2 Statement of cash flow data on consolidated level

Table (6-67): Consolidated statement of cash flows data

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Net cash from operating activities	644.9	381.4	678.1	(40.9%)	77.8%	2.5%
Net cash used in investing activities	(352.0)	(143.1)	(35.6)	(59.3%)	(75.1%)	(68.2%)
Net cash used in financing activities	(286.9)	(210.0)	(550.4)	(26.8%)	162.1%	38.5%
Net increase in cash and cash equivalents	6.0	28.2	92.1	369.3%	226.1%	291.2%
Cash and cash equivalents - opening	88.6	94.7	122.9	6.8%	29.8%	17.7%
Cash and cash equivalents - closing	**94.7**	**122.9**	**215.0**	**29.8%**	**74.9%**	**50.7%**

Source: Consolidated financial statements and Company information.

Closing balance of cash and cash equivalents increased by 29.8% from SAR 94.7 million in 2017G to SAR 122.9 million in 2018G. This was mainly due to a decrease in net cash used in investing activities by 59.3% from a net cash outflow of SAR 352.0 million in 2017G to a net cash outflow of SAR 143.1 million in 2018G. This resulted from a decrease in expansionary capital expenditure, in addition to a decrease in net cash outflows from financing activities by 26.8% from a net cash outflow of SAR 286.9 million in 2017G to a net cash outflow of SAR 210.0 million in 2018G due to decline in dividends paid in 2018G. This was partially offset by a decline in net cash from operating activities by 40.9% from SAR 644.9 million in 2017G to SAR 381.4 million in 2018G.

Closing cash and cash equivalents balance further grew by 74.9% to SAR 215.0 million in 2019G compared to 2018G. This was mainly driven by an increase in net cash generated from operating activities by 77.8% reflecting an increase in non-cash adjustments mainly due to adoption of IFRS 16. This was partially offset by an increase in net cash used in financing activities by 162.1% to a net cash outflow of SAR 550.4 million in 2019G.

6.5.3.3 Cash flow from operating activities

Table (6-68): Consolidated cash flow from operating activities

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Profit for the year before Zakat	417.1	398.3	430.3	(4.5%)	8.1%	1.6%
Adjustments to reconcile profit before Zakat to net cash flows:						
Depreciation on property and equipment	149.2	155.5	160.1	4.3%	2.9%	3.6%
Depreciation - right of use asset	-	-	259.6	N/A	N/A	N/A
Amortization of intangible assets	0.6	0.0	0.4	(97.0%)	N/A	(17.8%)
Loss on disposal of property and equipment	1.1	0.3	0.2	(75.0%)	(9.9%)	(52.5%)
Provision for employees' end of service benefits	11.3	15.1	15.7	34.0%	4.3%	18.2%
Finance cost on lease liabilities	-	-	95.9	N/A	N/A	N/A
Total adjustments	**579.2**	**569.1**	**962.2**	**(1.7%)**	**69.1%**	**28.9%**

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Working Capital Adjustments						
Accounts receivables and prepayments	(12.3)	(62.8)	(115.9)	410.6%	84.6%	207.0%
Inventories	(109.7)	(46.0)	(113.4)	(58.1%)	146.6%	1.6%
Accounts payables, accruals and other liabilities	201.4	(58.4)	(51.5)	(129.0%)	(11.9%)	N/A
Due from related parties	0.1	(1.7)	1.7	nm	(200.0%)	328.0%
Due to related parties	(9.3)	(1.0)	3.5	(89.1%)	(444.0%)	N/A
Cash from operations	649.3	399.2	686.6	(38.5%)	72.0%	2.8%
Zakat paid	(0.3)	(10.7)	(2.2)	nm	(79.5%)	176.7%
Employees' terminal benefits paid	(4.1)	(7.1)	(6.3)	74.2%	(11.9%)	23.9%
Net cash from operating activities	644.9	381.4	678.1	(40.9%)	77.8%	2.5%

Source: Consolidated financial statements and Company information.

Note 1: nm refers to "not meaningful" and is used for growth/decline percentages greater than 500.0%.

Note 2: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

Net cash from operating activities decreased by 40.9% from SAR 644.9 million in 2017G to SAR 381.4 million in 2018G. This was mainly due to an increase in cash invested in working capital. Cash generated from working capital items amounted to SAR 70.1 million in 2017G. However, this changed to cash being invested in working capital items (including accounts receivables and prepayments and inventories), amounting to SAR 169.9 million in 2018G. This was mainly driven by a decline in accounts payables, accruals and other liabilities reflecting a decrease in payable balances attributable to capex suppliers (not part of core working capital of the business) from SAR 309.8 million as at 31 December 2017G to SAR 170.5 million as at 31 December 2018G as a result of a decline in the number of store openings in 2018G as compared to 2017G.

In contrast, net cash from operating activities grew by 77.8% to SAR 678.1 million in 2019G compared to 2018G. This increase was mainly driven by the introduction of IFRS 16 during 2019G which led to an increase in adjustments (depreciation on right of use assets and interest cost on lease liabilities) and in part to higher sales and operating profit. This was partially offset by an increase in cash invested in working capital (SAR 275.6 million in 2019G), mainly due to an increase in inventories (due to accelerated purchases close to 2019G year-end to support impending opening of two new stores), and an increase in accounts receivable and prepayments (driven by an increase in trade receivables due to higher sales made to VIP Customers during 2019G).

6.5.3.4 Cash flow from investing activities

Table (6-69): Consolidated cash flow from investing activities

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Purchase of property and equipment	(352.4)	(144.0)	(41.5)	(59.1%)	(71.2%)	(65.7%)
Purchase of intangible assets	(0.9)	(0.2)	-	(82.6%)	(100.0%)	(100.0%)
Proceeds from disposal of property & equipment	1.3	1.1	5.8	(18.8%)	448.3%	111.0%
Net cash used in investing activities	(352.0)	(143.1)	(35.6)	(59.3%)	(75.1%)	(68.2%)

Source: Consolidated financial statements and Company information.

Net cash used in investing activities decreased by 59.3% from a net cash outflow of SAR 352.0 million in 2017G to a net cash outflow of SAR 143.1 million in 2018G. This was mainly due to a decrease in cash outflows associated with purchase of property and equipment by 59.1% from SAR 352.4 million in 2017G to SAR 144.0 million in 2018G which resulted from the decrease in expansionary capital expenditure incurred upon the establishment of new stores.

Net cash used in investing activities further declined by 75.1% to net cash outflow of SAR 35.6 million in 2019G compared to 2018G. This was primarily due to a decrease in cash outflows associated with purchase of property and equipment by 71.2% to SAR 41.5 million in 2019G, driven by a lower number of stores opened in 2019G.

6.5.3.5 Cash flow from financing activities

Table (6-70): Consolidated cash flow from financing activities

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Dividends paid	(286.9)	(210.0)	(245.0)	(26.8%)	16.7%	(7.6%)
Payments against lease liabilities	-	-	(305.4)	N/A	N/A	N/A
Net cash used in financing activities	**(286.9)**	**(210.0)**	**(550.4)**	**(26.8%)**	**162.1%**	**38.5%**

Source: Consolidated financial statements and Company information.

Note: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

Net cash used in financing activities were solely attributable to dividend distributions during 2017G and 2018G. Net cash outflows from financing activities decreased by 26.8% from SAR 286.9 million in 2017G to SAR 210.0 million in 2018G due to the decrease in dividends paid. In contrast, net cash used in financing activities grew by 162.1% to a net cash outflow of SAR 550.4 million in 2019G compared to 2018G. This was mainly attributable to payments against lease liabilities recorded during 2019G following the adoption of IFRS 16, in addition to an increase in dividends paid.

6.5.4 Commitments and contingencies

Table (6-71): Consolidated commitments and contingencies

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Letters of credit	66.9	10.2	15.9	(84.7%)	55.6%	(51.2%)
Letters of guarantee	6.7	5.2	2.4	(22.5%)	(54.6%)	(40.7%)
Lease commitments	300.9	303.3	11.9	0.8%	(96.1%)	(80.1%)
Corporate guarantees	887.8	702.6	538.5	(20.9%)	(23.4%)	(22.1%)
Total	**1,262.3**	**1,021.3**	**568.7**	**(19.1%)**	**(44.3%)**	**(32.9%)**

Source: Consolidated financial statements and Company information.

6.5.4.1 Letters of credit

Letters of credit were primarily issued to suppliers through utilizing off balance sheet debt facilities as a form of guarantee to facilitate the procurement of equipment for new stores as well as miscellaneous replacements of fixed assets. Further, these were also attributable to certain suppliers against import related purchases.

The outstanding value of letters of credit amounted to SAR 66.9 million, SAR 10.2 million and SAR 15.9 million as at 31 December 2017G, 2018G and 2019G, respectively. The movement in the value of outstanding letters of credit was driven by the level of open contingencies associated with store expansionary activity in progress as at each reporting date.

6.5.4.2 Letters of guarantee

Letters of guarantee were primarily in the form of bank guarantees issued in favor of the Company to vendors of services including labour supply agencies, advertising agencies and store lessors. BDH deals with labour supply vendors to fulfil its manpower requirements in the normal course of business.

The outstanding value of letters of guarantee amounted to SAR 6.7 million, SAR 5.2 million and SAR 2.4 million as at 31 December 2017G, 2018G and 2019G, respectively. No claims were raised on such guarantees during 2017G, 2018G and 2019G.

6.5.4.3 Lease commitments

Lease commitments represent the value of the Company's annual cancellable lease commitments as at each reporting date.

Such operating lease commitments were largely attributable to future rental payments for the following financial year associated with leased stores, leased warehouses and leased office space.

The value of annual cancellable lease commitments amounted to SAR 300.9 million, SAR 303.3 million and SAR 11.9 million as at 31 December 2017G, 2018G and 2019G, respectively.

6.5.4.4 Corporate guarantees

Corporate guarantees represent the outstanding value of corporate financial guarantees issued in favor of local banks to facilitate the acquisition of bank borrowings.

The outstanding value of corporate guarantees amounted to SAR 887.8 million, SAR 702.6 million and SAR 538.5 million as at 31 December 2017G, 2018G and 2019G, respectively. Corporate guarantees, amounting to SAR 702.6 million as at 31 December 2018G, were issued to banks in respect of banking facilities obtained for facilities utilized by BDH or its Subsidiaries. However, as per the note in the audited consolidated financial statements for 2018G, the terminology used may be misinterpreted to imply that some guarantees may have been provided for facilities utilized by companies outside the Company or related parties. This has been rectified in the Company's audited consolidated financial statements for 2019G.

6.5.4.5 Committed capital expenditure

Committed capital expenditure represented a debt like item that is to be incurred upon the opening of new Danube and BinDawood stores as well as renovation works on existing stores. Committed capital expenditure with respect to such work amounted to SAR 17.9 million and SAR 5.2 million as at 31 December 2018G and 2019G, respectively.

6.5.5 Related Party transactions and balances

6.5.5.1 Related Party transactions

Table (6-72): Related Parties' transactions

SAR'm	Nature of transaction	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
		2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Affiliates	Purchase of goods	73.2	103.4	79.0	41.2%	(23.6%)	3.8%
	Rent charged by affiliates	64.7	67.1	68.9	3.7%	2.6%	3.2%
	Rent charged to affiliates	1.0	1.5	1.4	44.7%	(4.2%)	17.8%
	Expenses charged by affiliates	-	0.0	-	N/A	(100.0%)	N/A
	Goods transferred to affiliates	2.0	0.6	2.2	(72.7%)	293.7%	3.8%
Partners	Management remuneration	27.8	29.6	16.5	6.4%	(44.3%)	(23.0%)
Directors	Board of Directors remuneration	0.4	0.4	1.5	-	275.0%	93.6%

SAR'm	Nature of transaction	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
		2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Management personnel	Salaries and other benefits	7.1	10.0	12.3	40.9%	22.5%	31.4%
	End of service benefits	0.6	1.0	1.2	69.5%	20.8%	43.1%

Source: Consolidated financial statements and Company information.

Note 1: End of service benefits as part of management personnel remuneration for 2017G was not included in 2017G or 2018G audited consolidated financial statements but have been presented here for comparison purposes.

Note 2: The lease liabilities as at 31 December 2019G, includes an amount of SAR 399.8 million which relates to lease arrangements entered into by the Company. Rent charged by affiliates in the related party disclosures in the audited financial statements for FY19G amounting to SAR 68.9m was mislabeled, and should be labeled as lease payments (principle plus interest) as per IFRS 16. Please note that the change in label does not have an impact on the income statement or balance sheet of BDH.

BDH enters into transactions with related parties in the normal course of business for the purchase of goods and rental of real estate properties.

Other forms of related party transactions include remunerations associated with shareholders (for their service as executive management personnel), Board of Directors, and other executive management personnel related to the founding shareholders of the Company.

Purchase of goods mainly represented purchase of goods from Jumairah Marketing Establishment (for Delsey goods, toys and fruit and vegetables) a branch of Abdul Khaliq BinDawood Establishment in addition to Safa Company for Household Ware (for household products). The Subsidiaries have guaranteed margin agreements in place with these related party suppliers. Purchase of goods increased by 41.2% from SAR 73.2 million in 2017G to SAR 103.4 million in 2018G. This was mainly due to the fruit and vegetable segment of Jumairah Marketing Establishment being part of BDH in 2017G, therefore no related party purchases from the fruit and vegetables segment were reported under related party transactions in 2017G as these were not applicable. In contrast, purchase of goods declined by 23.6% to SAR 79.0 million in 2019G compared to 2018G. This was mainly a result of lower fruit and vegetable purchases as the Company made more prudent purchase decisions to control inventory shrinkage in 2018G. Purchases from related parties accounted for 1.8%, 2.7% and 1.9% of total purchases during 2017G, 2018G and 2019G, respectively.

Rent charged by affiliates mainly represented properties leased from Amwaj Real Estate Company Ltd. and National Leader for Real Estate Company Limited. No significant variance was noted in rent charged by affiliates between 2017G and 2019G. Rental expenses attributable to properties leased from related parties accounted for 21.1% and 21.6% of total rental expenses during 2017G and 2018G, respectively. In 2019G, lease payment to Related Parties (principal and interest) represented 22.5% of the total payments against lease liabilities.

Rent charged to affiliates mainly represented rental income generated from Jumairah Marketing Establishment for space rented at stores in connection with Delsey goods and toys. No significant variance was noted in rent charged to affiliates between 2017G and 2019G.

Expense charged by affiliates mainly represented travelling and entertainment expenses charged by Jumairah Marketing Est. from BinDawood amounting to SAR 30,457 in 2018G.

Goods transferred to affiliates mainly represented return of slow-moving items to Etre Trading Establishment and Jumairah Marketing Establishment. Return of slow-moving inventory is permitted as per the contractual agreement with these parties. Goods transferred to affiliates decreased by 72.7% from SAR 2.0 million in 2017G to SAR 0.6 million in 2018G. This was mainly due to a decrease in returns to Etre Trading Establishment in 2018G as compared to 2017G, since purchases from Etre Trading Establishment also decreased by 68.2% in 2018G. In contrast, goods transferred to affiliates grew by 293.7% to SAR 2.2 million in 2019G compared to 2018G. This was mainly driven by an increase in demand for garments at Etre Trading Establishment, therefore, BinDawood transferred the required stock back to cope with the demand.

Certain immaterial transactions with shareholders were not disclosed in the notes to the audited consolidated financial statements for 2018G. However, all transactions with shareholders were disclosed in the consolidated financial statements for 2019G. These included transactions with shareholders for the official use of planes in the consolidated financial statements of 2018G and salaries and benefits as well as end of service benefits were not disclosed for C level employees in the consolidated financial statements 2017G and 2018G but were disclosed in 2019G consolidated financial statements with comparatives for 2018G.

Management remuneration – salaries and other benefits for all C level employees of BDH were not fully disclosed in the audited consolidated financial statements for 2018G amounting to SAR 8.6 million. These were therefore updated to SAR 10.0 million for 2018G in the audited consolidated financial statements for 2019G (as comparative information). Similarly, management remuneration – EOSB was not disclosed in the audited consolidated financial statements for 2017G and 2018G amounting to SAR 0.6 million and SAR 1.0 million, respectively.

6.5.5.2 Due from related parties

Table (6-73): Due from related parties

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Jumairah Marketing Est. (Delsey)	-	1.5	-	N/A	(100.0%)	N/A
Jumairah Marketing Est. (Toys)	-	0.2	-	N/A	(100.0%)	N/A
Jumairah Marketing Est. (Fruits & Vegetables)	-	0.02	-	N/A	(100.0%)	N/A
Total	**-**	**1.7**	**-**	**N/A**	**(100.0%)**	**N/A**

Source: Consolidated financial statements and Company information.

Note 1: Jumairah Marketing Est. (Delsey), Jumairah Marketing Est. (Toys) and Jumairah Marketing Establishment (Fruits and Vegetables) were operating as a branch / business division of Abdul Khaliq Bindawood Establishment before 31 December 2019G.

Note 2: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

Amounts due from related parties represented amounts receivable from a single related party, namely Jumairah Marketing Est., an entity that engages in the distribution of food and non-food international brands in the Kingdom of Saudi Arabia.

Receivables from Jumairah Marketing Est. occur when actual margins on goods supplied by this party are sold via Danube and BinDawood stores at lower margins than the minimum margin guaranteed in the agreement between Jumairah Marketing Est. and the Company. These balances were cleared post 31 December 2018G.

6.5.5.3 Due to related parties

Table (6-74): Due to related parties

SAR'm	Financial year ended 31 Dec			Increase / (Decrease)		CAGR
	2017G	2018G	2019G	Dec 2017G - 2018G	Dec 2018G - 2019G	2017G - 2019G
Safa Co. Ltd. For Household Ware	2.3	8.4	8.9	268.7%	5.7%	97.5%
Jumairah Marketing Est. (Fruits & Vegetables)	-	0.5	0.6	N/A	9.5%	N/A
Jumairah Marketing Est. (Delsey)	4.0	-	1.6	-	N/A	(36.4%)
Jumairah Marketing Est. (Toys)	3.7	-	1.1	-	N/A	(46.0%)
Etre Trading Est.	-	-	0.3	-	N/A	N/A
Total	**9.9**	**8.9**	**12.4**	**(10.2%)**	**39.1%**	**11.8%**

Source: Consolidated financial statements and Company information.

Note 1: "Not applicable" indicates that the percentage of increase or decrease is not calculated due to the presence of "zeros".

Note 2: Jumairah Marketing Est. (Delsey), Jumairah Marketing Est. (Toys), Jumairah Marketing Establishment (Fruits and Vegetables) and Etre Trading Est. were operating as a branch / business division of Abdul Khaliq Bindawood Establishment before 31 December 2019.

Amounts due to related parties represents amounts payable to related parties for the purchase of food and non-food goods by Danube and BinDawood on an arm's length basis.

Amounts due to related parties decreased by 10.2% from SAR 9.9 million as at 31 December 2017G to SAR 8.9 million as at 31 December 2018G. This was mainly due to the offset effect of the guaranteed margin compensation from amounts payable to Jumairah Marketing Establishment as at 31 December 2017G to amounts receivable as at 31 December 2018G (see previous section for details). In contrast, amounts due to related parties grew by 39.1% to SAR 12.4 million as at 31 December 2019G compared to 31 December 2018G. This was mainly attributable to balances relating to Jumairah Marketing Est. (Delsey and Toys).

Balance due to Safa Company for Household Ware increased by 268.7% from SAR 2.3 million as at 31 December 2017G to SAR 8.4 million as at 31 December 2018G. This was mainly on account of settlements being made by the Company to Safa Company for Household Ware mainly upon payment request. No significant variance was noted in balance due to Safa Company for Household Ware between 31 December 2018G and 31 December 2019G.

6.5.6 SAUDI GAAP to IFRS-KSA reconciliation as at and for the financial year ended 31 December 2017G

Table (6-75): Saudi GAAP / IFRS-KSA reconciliation of the statement of financial position

SAR'm	Saudi GAAP	IFRS KSA	Re-measurements / Re-classifications	Note
Assets				
Non-current assets				
Property and equipment	1,078.4	1,078.0	(0.4)	2
Intangible assets	-	0.4	0.4	
Total non-current assets	1,078.4	1,078.4	-	
Current assets				
Inventories	759.7	759.7	-	
Accounts receivables and prepayments	163.6	145.5	(18.1)	1
Due from related parties	-	-	-	
Cash and cash equivalents	94.7	94.7	-	
Total current assets	**1,017.9**	**999.8**	**(18.1)**	
Total assets	**2,096.3**	**2,078.2**	**(18.1)**	
Equity				
Capital	530.0	530.0	-	
Statutory reserve	91.9	89.6	(2.4)	1 & 3
Retained earnings	340.5	203.7	(136.8)	
Total equity	**962.5**	**823.3**	**(139.2)**	
Liabilities				
Non-current liabilities				
Employees end of service benefits	74.4	75.6	1.3	3
Total non-current liabilities	74.4	75.6	1.3	
Current liabilities				
Due to related parties	9.9	9.9	-	
Accounts payable, accruals and other liabilities	1,032.7	1,152.5	119.8	1
Zakat payable	16.9	16.9	-	
Total current liabilities	**1,059.5**	**1,179.3**	**119.8**	
Total liabilities	**1,133.9**	**1,254.9**	**121.1**	
Total liabilities and equity	**2,096.3**	**2,078.2**	**(18.1)**	

Source: Consolidated financial statements for 2018G and Company information

Table (6-76): Saudi GAAP / IFRS-KSA reconciliation of the statement of profit or loss

SAR'm	Saudi GAAP	IFRS KSA	Re-measurements / Re-classifications	Note
Revenue	4,766.3	4,766.3	-	
Cost of revenue	(3,762.7)	(3,762.7)	-	
Gross profit	1,003.6	1,003.6	-	
Selling & distribution expenses	(975.8)	(996.0)	(20.2)	1, 3 & 4
General & administration expenses	(151.7)	(150.5)	1.2	
Gandola income	545.6	545.6	-	
Operating profit	421.7	402.7	(19.0)	
Other income	14.4	14.4	-	
Profit for the year before Zakat	436.1	417.1	(19.0)	
Zakat charge	(2.8)	(2.8)	-	
Net profit for the year	433.3	414.3	(19.0)	
Other comprehensive income	-	(4.6)	(4.6)	4
Total comprehensive income for the year	**433.4**	**409.8**	**(23.6)**	

Source: Consolidated financial statements for 2018G and Company information

Notes:

1- *Under IFRS as endorsed in KSA, the expense on account of lease transactions entered by BDH are to be accounted for on a straight-line basis over the tenure of lease including the rent-free period and for lease escalations irrespective of the timing of payment, if any. Accordingly, BDH has accounted for the lease expense on a straight-line basis over the tenure of the lease. This has resulted in creation of lease equalization liability on account of additional expense booked as a result of straight lining. This effect as on IFRS transition date has resulted in decrease of prepaid balances by SAR 26.3 million and recognition of lease equalization net liability of SAR 87.4 million with cumulative impact resulting in decrease of retained earnings by SAR 113.7 million. The adjustment resulted in decrease of profit for the year before zakat amounting to SAR 24.3 million for the year ended 31 December 2017G. The impact has been accounted as part of transition adjustment.*

2- *Under IFRS as endorsed in KSA, BDH has reclassified certain items of property and equipment to intangible assets (software) to depict a more accurate presentation in its consolidated financial statements. The effect was increase in intangible assets and decrease in property and equipment. There has been no effect on retained earnings as on transition date or subsequently on profit for the year before Zakat as the useful life of the reclassified assets remain unchanged. These are accounted as part of re-classification adjustment.*

3- *Under IFRS that are endorsed in KSA, end of service benefits ("***EOSB***") are required to be calculated using actuarial valuations. Historically, BDH has calculated these obligations based on the local regulations at the reporting date without considering expected future service periods of employees, salary increments and discount rates. This change resulted in an increase in the employee benefits liability balances and decrease in retained earnings as at 1 January 2017G SAR 2.0 million and 31 December 2017G SAR 1.3 million and increased income for the year ended 31 December 2017G SAR 0.7 million.*

4- *Under IFRS as endorsed in KSA, employees' terminal benefits are required to be calculated using actuarial valuations. Net other comprehensive loss of SAR 4.6 million during the year 31 December 2017G represents the re-measurement loss arising from experience adjustments and changes in actuarial assumptions occurred during the year.*

6.6 Other factors affecting the business

6.6.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 Company is not exposed to other price risk such as equity risk and commodity risk as the Company is neither involved in investment in trading securities nor the commodities.

6.6.2 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 Company is subject to fluctuation in foreign exchange rates in normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyal, Euros and US Dollar. Accounts payable and accruals include an amount of SAR 20.1 million as at 31 December 2019G (31 December 2018G: SAR 106.7 million) due in Euros. As the Saudi Riyal is pegged to the US Dollar, therefore balances in US Dollar is not considered to represent significant foreign currency risk.

6.6.3 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk on bank balances, trade receivables and other receivables is limited as cash balances are held with banks with sound credit ratings and the trade receivables and other receivables are shown net of allowance for impairment.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any credit customers, the Company has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover. The Company seeks to manage the credit risk by monitoring outstanding receivables on an ongoing basis.

The Company is exposed to credit risk on its bank balances, trade receivables and other receivables.

6.6.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an 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 through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

7. DIVIDEND DISTRIBUTION POLICY

Under Article 110 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. The Shares entitle their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for the subsequent financial years. Although the Company intends to distribute dividends to its Shareholders on annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

a- 10% of the net profits shall be set aside to form the Company's statutory reserve and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.

b- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures a regular distribution of dividend Shareholders. The Ordinary General Assembly may also deduct from the net profits amounts for the establishment of social pensions for the Company's employees or to help existing pensions.

c- From the remainder, a portion representing 10% of the paid-up share capital of the Company shall be distributed among the Shareholders

d- Subject to the provisions of Article 20 of the Bylaws of the Company and Article 76 of the Companies Law, the remainder shall be set aside to remunerate the Board of Directors, provided that such remuneration be proportionate to the number of sessions attended by each director.

e- The Company may distribute interim dividends to its Shareholders on a semi-annual or quarterly basis by a decision of the Board of Directors if the Company's financial position so permits and liquidity is available according to the controls and procedures set by the competent authority.

The dividend distribution policy may change from time to time, as the Board of Directors may resolve, subject to the approval of the Ordinary General Assembly, to renew annually the payment of periodic dividends to the Company's Shareholders on a semi-annual or quarterly basis, in accordance with the controls of the competent authority.

The following is a summary of share dividends declared and distributed by the Company during the years ended 31 December 2017G, 2018G and 2019G, respectively:

Table (7-1): Dividends declared and distributed by the Company during the years ended 31 December 2017G, 2018G and 2019G

SAR (thousands)	31 December 2017G	31 December 2018G	31 December 2019G
Declared Dividends	253,452.2	210,000.0	245,000.0
Dividends Paid for the Year	286,897.4*	210,000.0	245,000.0
Net Profit for the year	414,343.2	397,836.1	419,136.1
% of declared dividends to the Company's net income	61.2%	52.8%	58.5%

**Dividends of SAR 286,897.4 thousand were distributed in the financial year ended 31 December 2017G of which SAR 33,445.2 thousand relates to dividends declared during the financial year ended 31 December 2016G. Dividends of SAR 210,000 thousand were distributed in the financial year ended 31 December 2018G and SAR 245,000 thousand in the financial year ended 31 December 2019G.*

Source: Company information.

The following is a summary of share dividends declared by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G, respectively:

Table (7-2): Dividends declared by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G

SAR (thousands)	31 December 2017G	31 December 2018G	31 December 2019G
BDSS	159,000	105,000	99,800
Danube	90,500	105,000	145,200
Danube Star	3,452.2	nil	nil

Source: Company information.

The following is a summary of share dividends distributed by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G, respectively:

Table (7-3): Dividends distributed by the Subsidiaries during the years ended 31 December 2017G, 2018G and 2019G

SAR (thousands)	31 December 2017G	31 December 2018G	31 December 2019G
BDSS	179,430.7	105,000	99,800
Danube	103,409.1	105,000	145,200
Danube Star	4,060.1	nil	nil

Source: Company information.

Dividends paid by the Subsidiaries are not consolidated with the dividends paid by BDH. This is because all of the dividends paid by the Subsidiaries ultimately reach BDH (due to the Company effectively owning 100% of its Subsidiaries) and the same amount is then paid by BDH to its Shareholders. BDH does not withhold any of the Subsidiaries' dividends and neither does BDH add any extra amount to it before passing it on to its Shareholders (except in FY17G where BDH declared an additional SAR 500.0 thousand but paid the dividend with a deficit of SAR 2.6 thousand from the amount received from its Subsidiaries). Therefore, only dividends paid by BDH are disclosed in the Issuer's consolidated financial statements to avoid duplication.

2020G Dividend Distribution

On 21 June 2020G, the Company's Board of Directors agreed to distribute an interim dividend of SAR 90 million for the first quarter of the financial year 2020G. This dividend was paid to the Selling Shareholders on 24 June 2020G. This distribution will be reflected in the Company's interim financial statements of the second quarter of 2020G.

8. USE OF PROCEEDS

Total proceeds from the Offering are estimated at SAR 2,194,560,000 of which approximately SAR 75,000,000 million will be applied towards the Offering expenses, which include the fees of the Financial Advisors, the Coordinators, the Lead Manager, the Underwriters and other Advisors, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. The Company will not receive any part of the net proceeds from the Offering.

The Net Proceeds from the Offering of approximately SAR 2,119,560,000 will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Offer Shares being sold in the Offering. The Company will not receive any part of the net proceeds from the Offering. The Selling Shareholders shall bear all the fees, expenses and costs related to the Offering.

9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Selling Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Selling Shareholders will own 80% of the share capital of the Company.

The table below sets out the capitalization of the Company as derived from the audited consolidated financial statements for the financial years ended 31 December 2018G and 2019G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 20 ("**Consolidated Financial Statements and Auditors' Reports**").

Table (9-1): Capitalization and Indebtedness of the Company

SAR (in millions)	31 Dec 2017G	31 Dec 2018G	31 Dec 2019G
Interest bearing loans	0	0	0
Lease liabilities*	0	0	2,518.4
Total loans**	**0**	**0**	**2,518.4**
Share capital	530.0	530.0	1,143.0
Statutory reserve	89.6	129.7	42.5
Retained earnings	203.7	354.8	0.9
Total Shareholders' Equity	**823.3**	**1,014.4**	**1,186.4**
Total capitalization (Total loans + Total shareholders' equity)**	**823.3**	**1,014.4**	**3,704.8**
Total interest bearing loans / Total capitalization	**0%**	**0%**	**0%**
Total loans / Total capitalization**	**0%**	**0%**	**68%**

Financial information in the table above as at 31 December 2019G has been extracted from the Company's audited consolidated financial statements for the financial years ended and 31 December 2019G prepared in accordance with IFRS-KSA.

Financial information in the table above as at 31 December 2017G and 31 December 2018G has been extracted from the comparative financial information contained in the consolidated financial statements for the financial year ended 31 December 2018G and 31 December 2019G, respectively prepared in accordance with IFRS-KSA.

** The Company adopted IFRS 16 for its financial year ended 31 December 2019G.*

*** Total loans comprises interest bearing debt and lease liabilities.*

The Directors confirm that:

- None of the Company's share capital is under option.
- Neither the Company nor its Subsidiaries have any debt instruments as at the date of this Prospectus.

They believe that its existing cash balances and its cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus.

10. EXPERTS' STATEMENT

As at the date hereof, the Advisors listed on pages viii through x have given and not withdrawn their written consent to the publication of their names, addresses, logos and statements attributed to it in this Prospectus as presented herein. Neither they nor any of their employees forming part of the team serving the Company, or relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries as at the date of this Prospectus, which would impair their independence.

11. DECLARATIONS

The Directors declare the following:

1- The Listing does not constitute a breach of the relevant laws and regulations in Saudi Arabia.

2- The Listing does not constitute a breach of any contract/agreement entered into by the Company.

3- All material legal issues concerning the Company have been disclosed in the Prospectus.

4- Other than what has been mentioned in Section 12-11 ("**Litigation**"), the Company and its Subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its Subsidiaries or their financial position.

5- Other than what has been mentioned in Section 12-11 ("**Litigation**"), the Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its Subsidiaries or their financial position.

6- Except as described in Section 5.1 ("**Board Members and Secretary**"), Section 5.3 ("**Senior Management**"), Section 5.6 ("**Conflict of Interest**") and Section 12.7 ("**Transactions and Contracts with Related Parties**"), none of the members of the Board of Directors nor any member of the Senior Executives nor the Secretary nor any of their relatives nor dependents have a direct or indirect interest whatsoever in the Shares or the Subsidiaries' shares, nor any interest in any other matter which may impact the Company's or the Subsidiaries' businesses. The Company and its Subsidiaries are prohibited from granting a loan of any kind to any Director, or guaranteeing a loan entered into by a Director.

7- Except as specified in Section 12.7 ("**Transactions and Contracts with Related Parties**") they do not, themselves, nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement in effect or contemplated or expected to be conducted with the Company and its Subsidiaries.

8- Except as disclosed in Section 5.6 ("**Conflict of Interest**"), as at the date of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company or its Subsidiaries.

9- Except as described in Section 4.8 ("**Overview of the Shareholders**") and Section 5.6 ("**Conflict of Interest**") of this Prospectus, neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company or any of its Subsidiaries, until the date of this Prospectus.

10- The Company possesses the necessary regulations and policies needed to prepare the interim and annual consolidated financial statements in conformity with IFRS-KSA, and within the deadlines set in the Listing Rules. Further, the Company and its Subsidiaries possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the Listing Rules and within the timeframes set out in these Listing Rules.

11- The Company, individually or in association with its Subsidiaries, has sufficient working capital for at least 12 months immediately following the date of this Prospectus.

12- None of Company or any of its Subsidiaries has issued any debt instruments, nor does it have any term loans or any other material outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments), other than what was disclosed in Section 12.8 ("**Credit Facilities and Loans**").

13- There is no intention to materially change the nature of the Company's business or that of its Subsidiaries. There has been no interruption in the business of the Company or that of its Subsidiaries that may significantly affect or have affected their financial position in the last 12 months.

14- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company or its Subsidiaries within the three years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.

15- There has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus in addition to the period since the end of the period covered by the accountant's report and until the date of this Prospectus.

16- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 22 of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company and its Subsidiaries' internal control measures.

17- The audited consolidated financial statements for the Company for the financial year ended 31 December 2017G has been prepared in accordance with Saudi GAAP and the audited consolidated financial statements for financial years ended 31 December 2018G and 31 December 2019G have been prepared in accordance with IFRS-KSA. The financial data in this Prospectus for FY17G has been extracted from the comparative financial information presented in the Company's consolidated financial statements for FY18G prepared in accordance IFRS-KSA. The financial data in this Prospectus for FY18G has been extracted from the comparative financial information presented in the Company's consolidated financial statements for FY19G.

18- None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

19- As at the date of this Prospectus, there are no current objections or disputes from GAZT.

20- They have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of Securities and Continuing Obligations and Listing Rules.

21- There is no pledge, mortgage or financial burden on any of the Company or its Subsidiaries' assets other than what was disclosed in Section 12.8 ("**Credit Facilities and Loans**").

22- As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company

23- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.

24- The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.

25- As at the date of this Prospectus, neither the Company nor its Subsidiaries have adopted any research and development policies.

26- No Shares of the Company or shares in its Subsidiaries are under option.

27- They have not at any time been declared bankrupt or been subject to bankruptcy proceedings.

28- None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past 5 years preceding the date of this Prospectus.

29- No powers exist giving any of the Directors the right to borrow money from the Company or its Subsidiaries.

The Board of Directors further declares complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

30- All transactions entered into by the Group with Related Parties shall be entered into on a commercial basis and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and if required by the Law, the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly.

31- Other than what was disclosed in Section 5.6 "**Conflict of Interest**", the members of the Board of Directors thus declare that they have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company or its Subsidiaries. The Directors further undertake to fulfil the requirements of the Companies Law.

32- Neither the Directors nor any Senior Executive shall obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the Chief Executive Officer declare that:

33- The Directors, Managing Director and the Chief Executive Officer shall not have the right to vote on decisions relating to their fees and remuneration.

The Directors also declare:

34- That the control, accounting and IT systems of the Company are sufficient and adequate.

35- Save for the effects of COVID-19 in 2020G on the performance of the Saudi retail grocery market and any related impact on the forward-looking projections and the related growth rates contained in this Prospectus as explained in Section 3.1.2 ("**Forecasting Bases and Assumptions**"), third party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Research Consultant, is reliable and have no reason to believe that such information is inaccurate.

36- That all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.

37- That the Company currently has no intention to sign any new contracts with any related parties, except for the renewal of contracts with the related parties that have been previously concluded and referred to in this Prospectus. In the case that the Company wishes to sign new contracts with related parties in the future, the Company shall adhere to Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations.

38- That as at the date of this Prospectus, the Shareholders whose names appear in Table 12-1 ("**Company's Shareholding Structure Before and After the Offering**") of this Prospectus are the legal and beneficial owners of the Shares in the Company. The Board of Directors confirms that the Company's structure is consistent with the Foreign Investment Law.

39- That all increases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.

40- The Company and its Subsidiaries do not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the balance sheet.

41- Except as disclosed in Section 2 ("**Risk Factors**"), Section 6.3 ("**Key factors affecting the results of operations**"), and Section 6.6 ("**Other factors affecting the business**") the Company and its Subsidiaries are not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations or the operations of its Subsidiaries.

42- Except as disclosed in Section 2 ("**Risk Factors**"), Section 6.3 ("**Key factors affecting the results of operations**"), and Section 6.6 ("**Other factors affecting the business**"), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company and its Subsidiaries' operations or financial position.

43- The Company and its Subsidiaries have insurance policies with sufficient insurance coverage to carry out its activities. The Company and its Subsidiaries renew their respective insurance policies regularly to ensure continued insurance coverage and the Company and its Subsidiaries took all reasonable security measures as per applicable industry practices.

44- All agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.

45- Except as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.

46- Except as disclosed in Sections 2.1.12 ("**Regulatory risks and risks related to permits, licenses and approvals necessary for the Company's business operations**") as at the date of this Prospectus, the Company and its Subsidiaries have obtained all necessary licenses and permits to carry out its business activities.

47- Except as disclosed in Sections 2.1.27 ("**Risks associated with the Company's current debt arrangements**") and 12.8 ("**Credit Facilities and Loans**"), all necessary approvals have been obtained from lenders to offer 20% of the Company shares in order for the Company to be a public joint stock company.

48- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.

49- Record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors; and

50- Comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

51- As at the date of this Prospectus, no contractual breaches with lending banks have occurred.

12. Legal Information

12.1 Declarations related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements which the Company is a party thereof.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- Except as disclosed in Section 12.11 ("**Litigation**"), the Company is not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company and its Subsidiaries.
- Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company and its Subsidiaries.
- Except for matters disclosed in Section 5.6 ("**Conflict of Interest**"), the members of the Board of Directors and Senior Executives acknowledge that they did not jointly or severally participate in activities similar or competing with those of the Company or its Subsidiaries, and pledge to abide by the requirements of the Companies Law.

12.2 The Company

BinDawood Holding Company is a closed joint-stock company holding commercial registration number 4031063470 dated 16/08/1432H (corresponding to 17 July 2011G), pursuant to ministerial resolution number Q/266 dated 12/08/1438H (corresponding to 8 May 2017G). As per its commercial registration, the Company's head office is located at Aziziah, Main Road, in Makkah, P.O. Box 51280. The Company's current capital is one billion one hundred and forty three million Saudi Riyals (SAR 1,143,000,000) divided into one hundred fourteen million and three hundred thousand ordinary Shares (SAR 114,300,000), with a nominal value of ten Saudi Riyals (SAR 10) per Share. As indicated in the commercial registry certificate, the Company's main activities include the activities of the holding companies (i.e. units that acquire assets towards owning a dominant share of the capital of a group of subsidiaries, the main activity of which is the ownership of that group). The Company does not engage in any commercial activity, but its main activity as a holding company lies in the management of its Subsidiaries. For further details, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**").

12.3 Shareholding Structure

The following table shows the Company's shareholding structure before and after the Offering:

Table (12-1): Company's Shareholding Structure Before and After the Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Par Value (SAR)	%	Number of Shares	Par Value (SAR)	%
Akasiya Star Trading Company Limited	96,543,495	965,434,950	84.465%	77,234,796	772,347,960	67.572%
Abdullah Dawood BinDawood and Sons Company Limited	9,755,505	97,555,050	8.535%	7,804,404	78,044,040	6.828%
Commercial Growth Development Company	8,001,000	80,010,000	7.000%	6,400,800	64,008,000	5.600%
Public	-	-	-	22,860,000	228,600,000	20.000%
Total	**114,300,000**	**1,143,000,000**	**100.000%**	**114,300,000**	**1,143,000,000**	**100.000%**

Source: Company information.

Details regarding the ownership of each founding shareholder have been provided in Section 4.8 ("**Overview of the Shareholders**").

12.4 Subsidiaries

The Company holds direct and indirect ownership interests in the following Subsidiaries:

Table (12-2): List of Subsidiaries

Name of Subsidiary*	Country of Incorporation	Direct Interest (%)	Indirect Interest (%)
BDSS	Saudi Arabia	99%	1%
Danube	Saudi Arabia	99%	1%
Danube Star	Saudi Arabia	99%	1%

Source: Company information.

** For more details on the Subsidiaries and their ownership, see Section 4.7.3 ("***Overview of the Subsidiaries***").*

12.5 Government Consents, Licenses and Certificates

The Company and its Subsidiaries (including their respective branches) have obtained several operational and regulatory licenses and certificates from the relevant competent authorities, which are periodically renewed. The Board members declare that the Company obtained all licenses and certificates necessary to conduct its business and maintain such activities. The following tables list licenses and certificates currently held by the Company and its Subsidiaries:

Table (12-3): List of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

Company	Location	Type of Entity	Commercial Registration Number	Registration Date	Expiration Date
BDH	Makkah	Closed Joint Stock Company	4031063470	16/08/1432H (corresponding to 17 July 2011G)	15/08/1444H (corresponding to 07 March 2023G)
BDSS	Makkah	Limited Liability Company	4031063164	24/07/1432H (corresponding to 26 June 2011G)	03/06/1443H (corresponding to 06 January 2022G)
Danube	Jeddah	Limited Liability Company	4030093169	02/08/1413H (corresponding to 25 January 1993G)	29/07/1443H (corresponding to 2 March 2022G)
Danube Star	Jeddah	Limited liability Company	4030086333	09/10/1412H (corresponding to 13 April 1992G)	08/10/1443H (corresponding to 09 May 2022G)

Source: Company information.

Table (12-4): List of Commercial Registration Certificates Obtained by branches of BDSS

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
1	Shisha (Makkah)	4031040144	14/07/1421H (corresponding to 11 October 2000G)	11/07/1443H (corresponding to 12 February 2022G)
2	Zahir (Makkah)	4031040146	14/07/1421H (corresponding to 11 October 2000G)	12/07/1443H (corresponding to 13 February 2022G)
3	Hamra (Jeddah)	4030131698	18/07/1421H (corresponding to 15 October 2000G)	16/07/1443H (corresponding to 17 February 2022G)
4	Shola (Jeddah)	4030131658	14/07/1421H (corresponding to 11 October 2000G)	12/07/1443H (corresponding to 13 February 2022G)
5	Azizia (Makkah)	4031040312	29/08/1421H (corresponding to 25 November 2000G)	14/04/1443H (corresponding to 19 November 2021G)
6	Haram (Makkah)	4031040145	14/07/1421H (corresponding to 11 October 2000G)	12/07/1443H (corresponding to 13 February 2022G)

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
7	Sittin (Jeddah)	4030131697	18/07/1421H (corresponding to 15 October 2000G)	15/07/1443H (corresponding to 16 February 2022G)
8	Rabwa (Jeddah)	4030132976	01/12/1421H (corresponding to 24 February 2001G)	28/11/1442H (corresponding to 8 July 2021G)
9	Awali (Makkah)	4031045223	13/10/1424H (corresponding to 7 December 2003G)	13/10/1444H (corresponding to 3 May 2023G)
10	Taiba (Madinah)	4650035290	02/05/1425H (corresponding to 20 June 2004G)	01/05/1443H (corresponding to 5 December 2021G)
11	Anwar- Movenpick (Madinah)	4650030423	02/08/1421H (corresponding to 29 October 2000G)	29/07/1444H (corresponding to 20 February 2023G)
12	Zahra (Madinah)	4650041939	10/06/1429H (corresponding to 14 June 2008G)	10/06/1444H (corresponding to 3 January 2023G)
13	Hijra (Madinah)	4650037394	15/04/1427H (corresponding to 13 May 2006G)	14/04/1442H (corresponding to 29 November 2020G)
14	Rusaifa (Makkah)	4031050172	18/01/1428H (corresponding to 6 February 2007G)	18/01/1443H (corresponding to 26 August 2021G)
15	Abraj Al Bait (Makkah)	4031049125	08/04/1427H (corresponding to 6 May 2006G)	08/04/1442H (corresponding to 23 November 2020G)
16	Rotana (Madinah)	4650030422	12/07/1430H (corresponding to 5 July 2009G)	13/07/1443H (corresponding to 14 February 2022G)
17	Kakia (Makkah)	4031050171	18/01/1428H (corresponding to 6 February 2007G)	18/01/1443H (corresponding to 26 August 2021G)
18	Heraa (Jeddah)	4030200384	13/05/1431H (corresponding to 27 April 2010G)	13/05/1442H (corresponding to 27 December 2020G)
19	Aya Mall (Jeddah)	4030218605	23/12/1432H (corresponding to 19 November 2011G)	23/12/1442H (corresponding to 2 August 2021G)
20	Jabal Omar (Makkah)	4031092597	15/09/1436H (corresponding to 2 July 2015G)	14/09/1442H (corresponding to 26 April 2021G)
21	Jamaat (Madinah)	4650079843	03/02/1437H (corresponding to 15 November 2015G)	03/02/1442H (corresponding to 20 September 2022G)
22	Bin Jelala 2 (Khamis Mushait)	5855070261	06/02/1438H (corresponding to 6 November 2016G)	06/02/1445H (corresponding to 22 August 2023G)
23	Taif Valley Center (Taif)	4032050958	09/02/1438H (corresponding to 9 November 2016G)	09/02/1445H (corresponding to 25 August 2023G)
24	Bin Jelala 3 (Khamis Mushait)	5855070294	15/02/1438H (corresponding to 15 November 2016G)	15/02/1445H (corresponding to 31 August 2023G)
25	Al Falah (Jeddah)	4030612093	24/06/1439H (corresponding to 12 March 2018G)	24/06/1444H (corresponding to 17 January 2023G)
26	Al Shoqiyah (Makkah)	4031213111	24/06/1439H (corresponding to 12 March 2018G)	24/06/1444H (corresponding to 17 January 2023G)
27	Bin Jumma-2 (Taif)	4032233595	12/06/1440H (corresponding to 17 February 2019G)	12/06/1445H (corresponding to 25 December 2023G)

Source: Company information.

Table (12-5): List of Commercial Registration Certificates Obtained by the branches of Danube

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
1	Madinah Road (Jeddah)	4030093169	02/08/1413H (corresponding to 25 January 1993G)	29/07/1443H (corresponding to 02 March 2022G)
2	Khalidiya (Jeddah)	4030150270	19/05/1425H (corresponding to 07 July 2004G)	18/05/1443H (corresponding to 22 December 2021G)
3	Tahlia-1 (Jeddah)	4030125232	07/06/1419H (corresponding to 28 September 1998G)	06/06/1444H (corresponding to 30 December 2022G)
4	Nahda (Jeddah)	4030125233	07/06/1419H (corresponding to 28 September 1998G)	06/06/1444H (corresponding to 30 December 2022G)
5	Arbaeen (Jeddah)	4030136188	06/09/1422H (corresponding to 21 November 2001G)	14/09/1442H (corresponding to 26 April 2021G)
6	Serafi-1 (Jeddah)	4030150269	19/05/1425H (corresponding to 07 July 2004G)	08/05/1443H (corresponding to 12 December 2021G)
7	Hayat Mall (Riyadh)	1010217218	18/02/1427H (corresponding to 18 March 2006G)	18/02/1442H (corresponding to 5 October 2020G)
8	Red Sea Mall (Jeddah)	4030119233	29/01/1417H (corresponding to 16 June 1996G)	27/02/1442H (corresponding to 14 October 2020G)
9	Panorama (Riyadh)	1010268562	03/06/1430H (corresponding to 27 May 2009G)	02/06/1442H (corresponding to 15 January 2021G)
10	Central Park Al Salam 1(Jeddah)	4030202195	09/07/1431H (corresponding to 21 June 2010G)	09/07/1443H (corresponding to 10 February 2022G)
11	Binjuma Center 1 (Khobar)	2051048471	16/05/1433H (corresponding to 08 April 2012G)	15/05/1443H (corresponding to 19 December 2021G)
12	Hitten (Riyadh)	1010420684	08/10/1435H (corresponding to 4 August 2014G)	10/01/1443H (corresponding to 18 August 2021G)
13	Al Kharj (AlKharj)	1011022163	08/10/1435H (corresponding to 04 August 2014G)	10/01/1443H (corresponding to 18 August 2021G)
14	Faisalia (Dammam)	2050102654	22/11/1435H (corresponding to 17 September 2014G)	21/11/1442H (corresponding to 1 July 2021G)
15	Nakhla (Riyadh)	1010426816	29/12/1435H (corresponding to 23 October 2014G)	29/12/1442H (corresponding to 8 August 2021G)
16	Al Yasmin Plaza (Riyadh)	1010426818	29/12/1435H (corresponding to 23 October 2014G)	29/12/1442H (corresponding to 8 August 2021G)
17	Al Telal (Riyadh)	1010426820	29/12/1435H (corresponding to 23 October 2014G)	29/12/1442H (corresponding to 8 August 2021G)
18	Bin Jelala 1 (Khamis Mushait)	5855069139	03/02/1437H (corresponding to 15 November 2015G)	03/02/1442H (corresponding to 20 September 2020G)
19	Al Wadi (Riyadh)	1010439021	03/02/1437H (corresponding to 15 November 2015G)	03/02/1442H (corresponding to 20 September 2020G)
20	Jizan Downtown 24 (Jizan)	5900033912	29/04/1437H (corresponding to 08 February 2016G)	29l04l1442H (corresponding to 14 December 2020G)
21	Salmaniah (Al Ahsa)	2251065573	18/07/1437H (corresponding to 25 April 2016G)	17/07/1442H (corresponding to 01 March 2021G)

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
22	Al Salaam 2 (Al Ahsa)	2252065572	18/07/1437H (corresponding to 25 April 2016G)	17/07/1442H (corresponding to 01 March 2021G)
23	Abha Gawhara (Abha)	5850069421	29/04/1437H (corresponding to 08 February 2016G)	29/04/1442H (corresponding to 14 December 2020G)
24	Al Yarmouk (Riyadh)	1010443530	07/07/1437H (corresponding to 14 April 2016G)	07/07/1442H (corresponding to 19 February 2021G)
25	Al Mazruiah (Dammam)	2050109132	12/07/1437H (corresponding to 19 April 2016G)	11/07/1442H (corresponding to 23 February 2021G)
26	Al Aqeeq (Riyadh)	1010465312	06/02/1438H (corresponding to 06 November 2016G)	06/02/1445H (corresponding to 22 August 2023G)
27	Al Rakah (Khobar)	2051062357	12/07/1437H (corresponding to 19 April 2016G)	11/07/1442H (corresponding to 23 February 2021G)
28	Al Waha (Riyadh)	1010465313	06/02/1438H (corresponding to 6 November 2016G)	06/02/1445H (corresponding to 22 August 2023G)
29	Al Mousa (Al Ahsa)	2252065574	18/07/1437H (corresponding to 25 April 2016G)	17/07/1442H (corresponding to 01 March 2021G)
30	Al Badiyah Plaza (Riyadh)	1010467548	24/04/1438H (corresponding to 22 January 2017G)	24/04/1442H (corresponding to 09 December 2020G)
31	Al Buhairah (Dammam)	2050109131	12/07/1437H (corresponding to 19 April 2016G)	11/07/1442H (corresponding to 23 February 2021G)
32	Azizia Plaza (Khobar)	2051063192	09/02/1438H (corresponding to 9 November 2016G)	9/02/1445H (corresponding to 25 August 2023G)
33	Al Ghadeer (Riyadh)	1010467547	24/04/1438H (corresponding to 22 January 2017G)	24/04/1442H (corresponding to 09 December 2020G)
34	Al Shaatee (Dammam)	2050110814	06/02/1438H (corresponding to 6 November 2016G)	06/02/1445H (corresponding to 22 August 2023G)
35	Green Oaisis (Riyadh)	1010465315	06/02/1438H (corresponding to 06 November 2016G)	06/02/1445H (corresponding to 22 August 2023G)
36	Al Rawabi (Riyadh)	1010467549	24/04/1438H (corresponding to 22 January 2017G)	24/04/1442H (corresponding to 09 December 2020G)
37	Al Magharazat (Riyadh)	1010611321	26/12/1438H (corresponding to 17 September 2017G)	26/12/1443H (corresponding to 25 July 2022G)
38	Suhool (Jubail)	2055026157	26/12/1438H (corresponding to 17 September 2017G)	26/12/1443H (corresponding to 25 July 2022G)
39	Ravala Plaza (Abha)	5850071798	24/04/1439H (corresponding to 11 January 2018G)	24/04/1444H (corresponding to 18 November 2022G)
40	Tahlia-2 (Jeddah)	4030612089	24/06/1439H (corresponding to 12 March 2018G)	24/06/1444H (corresponding to 17 January 2023G)
41	Unaizah (Unaizah)	1128131409	05/06/1439H (corresponding to 21 February 2018G)	05/06/1444H (corresponding to 29 December 2022G)
42	Tera Mall (Taif)	4032232118	18/04/1440H (corresponding to 25 December 2018G)	18/04/1445H (corresponding to 2 November 2023G)
43	Hail (Hail)	3350146304	14/03/1441H (corresponding to 11 November 2019G)	14/03/1442H (corresponding to 31 October 2020G)

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
44	Al Mazaar Takhasusi-1(Riyadh)	1010571072	06/08/1440H (corresponding to 11 April 2019G)	06/08/1445H (corresponding to 16 February 2024G)
45	Alandalus (Riyadh)	1010585072	28/10/1440H (corresponding to 01 July 2019G)	28/10/1442H (corresponding to 9 June 2021G)
46	Bin Jelala 4 (Khamis Mushait)	5855347323	06/08/1441H (corresponding to 30 March 2020G)	06/08/1442H (corresponding to 19 March 2021G)

Source: Company information.

Table (12-6): Details of the Commercial Registration Certificates of Danube Star's branches

No.	Name of Branch and Location	Commercial Registration Number	Registration Date	Expiration Date
1	Takhasusi Road (Riyadh)	1010599240	16/02/1441H (corresponding to 15 October 2019G)	16/02/1442H (corresponding to 3 October 2020G)
2	Al-Thuraya district, East of the Air Base Bridge (Jeddah)	4030278905	27/01/1436H (corresponding to 20 November 2014G)	27/01/1442H (corresponding to 15 September 2020G)
3	Northern Al-Aziziyah, Main Road, Salhiya Complex (Makkah)	4031059467	22/06/1431H (corresponding to 5 June 2010G)	28/05/1442H (12 January 2021G)

Source: Company information.

Table (12-7): Details of Chamber of Commerce Certificates Obtained by the Company and its Subsidiaries

Company	Issuing Authority	License Number	Issue Date	Expiration Date
BDH	Makkah Chamber of Commerce and Industry	202001179500	01/09/1439H (corresponding to 16 May 2018G)	15/08/1444H (corresponding to 7 March 2023G)
BDSS	Makkah Chamber of Commerce and Industry	202000117778	15/01/1439H (corresponding to 5 October 2017G)	03/06/1443H (corresponding to 6 January 2022G)
Danube	Jeddah Chamber of Commerce and Industry	43034	05/08/1438H (corresponding to 1 May 2017G)	29/07/1443H (corresponding to 2 March 2022G)
Danube Star	Jeddah Chamber of Commerce and Industry	40133	13/01/1413H (corresponding to 14 July 1992G)	08/10/1443H (corresponding to 9 May 2022G)

Source: Company information.

Table (12-8): Details of Municipality Licenses Obtained by the branches of Danube

No	Branch	License Number	Issuance Date	Expiry Date	Issuing Authority
1	Madina Road (Jeddah)	39111335280	14/06/1437H (corresponding to 23 March 2016G)	13/06/1442H (corresponding to 26 January 2021G)	Municipality in Abhor, Jeddah.
2	Khalidiya (Jeddah)	39111335804	06/06/1437H (corresponding to 15 March 2016G)	05/06/1442H (corresponding to 18 January 2021G)	Municipality in Jeddah.
3	Tahlia-1 (Jeddah)	39111445928	23/09/1438H (corresponding to 18 June 2017G)	22/09/1442H (corresponding to 4 May 2021G)	Municipality in, Jeddah.
4	Nahda (Jeddah)	39111343055	16/05/1439H (02 February 2018G)	15/05/1442H (corresponding to 30 December 2020G)	Municipality in Abhor, Jeddah.
5	Arbaeen (Jeddah)	39111415635	19/11/1436H (corresponding to 03 September 2015G)	18/11/1442H (corresponding to 28 June 2021G)	Municipality in Jeddah.
6	Serafi-1 (Jeddah)	39111416871	01/06/1437H (corresponding to 10 March 2016G)	01/06/1444H (corresponding to 25 December 2022G)	Municipality in, Jeddah.
7	Hayat Mall (Riyadh)	40031757851	17/1/1428H (05 February 2007G)	17/1/1444H (15 August 2022G)	Municipality in Olyaa, Riyadh.
8	Red Sea (Jeddah)	39111336763	16/02/1438H (corresponding to 16 November 2016G)	15/02/1442H (corresponding to 2 October 2020G)	Municipality in Abhor, Jeddah.
9	Panorama (Riyadh)	40092385847	25/01/1431H (corresponding to 11 January 2010G)	25/01/1444H (corresponding to 23 August 2022G)	Municipality in, Riyadh.
10	Central Park Al Salam 1 (Jeddah)	39111374966	19/10/1435H (corresponding to 15 August 2014G)	18/10/1442H (corresponding to 30 May 2021G)	Municipality in, Jeddah.
11	Binjuma Center 1 (Khobar)	40031845623	24/03/1434H (corresponding to 5 February 2013G)	23/03/1442H (corresponding to 9 November 2020G)	Municipality in Khouber.
12	Hitten (Riyadh)	6136	7/3/1435H (corresponding to 08 January 2014G)	7/3/1444H (corresponding to 03 October 2022G)	Municipality in North Riyadh.
13	Al Kharj (AlKharj)	351489	15/11/1435H (corresponding to 10 September 2014G)	15/11/1443H (corresponding to 14 July 2022G)	Municipality in Kharj.
14	Faisalia (Dammam)	61041	27/9/1439H (corresponding to 11 June 2018G)	5/4/1444H (corresponding to 30 October 2022G)	Municipality in west Dammam.
15	Nakhla (Riyadh)	57692	19/6/1437H (corresponding to 28 March 2016G)	19/6/1446H (corresponding to 20 December 2024G)	Municipality in Riyadh.

No	Branch	License Number	Issuance Date	Expiry Date	Issuing Authority
16	Al Yasmin Plaza (Riyadh)	40092378772	16/7/1436H (corresponding to 5 May 2015G)	16/7/1442H (28 February 2021G)	Municipality in, North Riyadh.
17	Al Telal (Riyadh)	40092378811	29/7/1436H (corresponding to 18 May 2015G)	29/7/1442H (corresponding to 13 March 2021G)	Municipality in, North Riyadh.
18	Bin Jelala 1 (Khamis Mushait)	41022580812	11/2/1438H (corresponding to 11 November 2016G)	11/2/1444H (corresponding to 07 September 2022G)	Khamis Mushayt Municipality.
19	Al Wadi (Riyadh)	31421	19/3/1437H (corresponding to 30 December 2015G)	19/3/1446H (corresponding to 22 September 2024G)	Municipality in Irqa, Riyadh.-
20	Jizan Downtown 24 (Jizan)	40062044666	24/07/1437H (corresponding to 01 May 2016G)	24/07/1446H (corresponding to 24 January 2025G)	Municipality in Jazan
21	Salmaniah (Al Ahsa)	3702910	15/10/1437H (corresponding to 20 July 2016G)	14/10/1443H (corresponding to 15 May 2022G)	Municipality in Al Mubrz, Al Ahsa.
22	Al Salaam 2 (Al Ahsa)	3909480165	5/11/1437H (corresponding to 08 August 2016G)	4/11/1445H (corresponding to 12 May 2024G)	Municipality in Al Mubrz, Al Ahsa.
23	Abha Gawhara (Abha)	3909168633	28/12/1437H (corresponding to 29 September 2016G)	28/12/1443H (corresponding to 27 July 2022G)	Municipality in Abha, Asir.
24	Al Yarmouk (Riyadh)	3801341	4/5/1438H (corresponding to 01 February 2017G)	4/5/1446H (corresponding to 6 November 2024G)	Municipality in Riyadh.
25	Al Mazruiah (Dammam)	40112507591	18/3/1438H (corresponding to 17 December 2016G)	16/3/1444H (corresponding to 12 October 2022G)	Municipality in east Dammam.
26	Al Aqeeq (Riyadh)	3800470	20/3/1438H (19 December 2016G)	20/3/1446H (6 November 2024G)	Municipality IN north Riyadh.
27	Al Rakah (Khobar)	40112499071	11/6/1439H (corresponding to 27 February 2018G)	8/6/1444H (corresponding to 01 January 2023G)	Municipality in east Dammam.
28	Al Waha (Riyadh)	40092182724	7/7/1438H (corresponding to 4 April 2017G)	7/7/1442H (corresponding to 19 February 2021G)	Municipality in AlRawdah
29	Al Mousa (Al Ahsa)	3909481291	15/8/1438H (corresponding to 11 May 2017G)	14/8/1446H (corresponding to 13 February 2025G)	Municipality in Al Mubrz, Al Ahsa.
30	Al Badiyah Plaza (Riyadh)	40092183102	23/10/1438H (corresponding to 17 July 2017G)	23/10/1443H (corresponding to 24 May 2022G)	Municipality in Riyadh

No	Branch	License Number	Issuance Date	Expiry Date	Issuing Authority
31	Al Buhairah (Dammam)	40112493686	4/3/1440H (corresponding to 12 November 2018G)	16/9/1443H (corresponding to 17 April 2022G)	Municipality in Central Dammam.
32	Azizia Plaza (Khobar)	3909671252	19/9/1438H (corresponding to 14 June 2017G)	18/9/1443H (corresponding to 19 April 2022G)	Municipality in Khobar.
33	Al Ghadeer (Riyadh)	40092382455	11/11/1438H (corresponding to 03 August 2017G)	11/11/1443H (corresponding to 10 June 2022G)	Municipality in North Riyadh.
34	Al Shaatee (Dammam)	40112506718	26/12/1439H (corresponding to 06 September 2018G)	28/11/1443H (corresponding to 27 June 2022G)	Municipality in east Dammam.
35	Green Oasis (Riyadh)	40092183245	2/12/1438H (corresponding to 24 August 2017G)	2/12/1443H (corresponding to 01 July 2022G)	Municipality in Riyadh.
36	Al Rawabi (Riyadh)	40062382650	22/12/1438H (corresponding to 13 September 2017G)	22/12/1443H (corresponding to 21 July 2022G)	Municipality in Nassem, Riyadh.
37	Al Magharazat (Riyadh)	3900615	2/4/1439H (corresponding to 20 December 2017G)	2/4/1446H (corresponding to 5 October 2024G)	Municipality in Olyaa, Riyadh.
38	Suhool (Jubail)	421134	14/1/1441H (corresponding to 13 September 2019G)	13/1/1442H (corresponding to 1 September 2020G)	Municipality in Jubail.
39	Ravala Plaza (Abha)	41063396379	28/6/1441H (corresponding to 22 February 2020G)	28/6/1446H (corresponding to 29 December 2024G)	Aseer Provenance Municipality
40	Tahlia-2 (Jeddah)	40082126391	16/8/1440H (21 April 2019G)	15/8/1442H (corresponding to 28 March 2021G)	Municipality in Jeddah.
41	Unaizah	390946691	15/9/1439H (corresponding to 30 May 2018G)	15/9/1444H (corresponding to 06 April 2023G)	Municipality in Unaizah
42	Tera Mall (Taif)	40072081336	20/7/1440H (corresponding to 27 March 2019G)	20/7/1446H (corresponding to 20 January 2025G)	Municipality in east Taif.
43	Hail (Hail)	41052643041	07/05/1441H (corresponding to 2 January 2020G)	06/05/1446H (corresponding to 8 November 2024G)	Municipality in Hail
44	Al Mazaar Takhasusi-1 (Riyadh)	4100371	12/6/1441H (corresponding to 6 February 2020G)	12/6/1444H (corresponding to 5 January 2023G)	Municipality in Shemaisi
45	Alandalus (Riyadh)	41063426690	21/7/1441H (corresponding to 16 March 2020G)	21/7/1446H (corresponding to 21 January 2025G)	Municipality in AlRawdah

No	Branch	License Number	Issuance Date	Expiry Date	Issuing Authority
46	Bin Jelala 4 (Khamis Mushait)**	41083500307	14/11/1441H (corresponding to 5 July 2020G)	14/11/1446H (corresponding to 12 May 2025G)	Municipality in Khamis Mushait
47	Warehouse (Bahara)	3909577690	29/07/1438H (corresponding to 26 April 2017G)	27/05/1444H (corresponding to 21 December 2020G)*	Municipality in Bahra
48	Warehouse (Riyadh)**	-	-	-	-

*** The Company has not obtained this license as at the date of this Prospectus, and is currently taking the necessary measure to issue this new license.*

Source: Company Information

Table (12-9): Details of Municipality Licenses Obtained by the branches of BDSS

No.	Name of Branch and Location	License Number	Issuance Date	Expiry Date	Issuing Authority
1	Shisha (Makkah)	3909565548	22/06/1439H (corresponding to 10 March 2018G)	21/06/1446H (corresponding to 22 December 2024G)	Municipality in Azizia, Makkah
2	Zahir (Makkah)	3909497277	13/07/1439H (corresponding to 30 March 2018G)	12/07/1446H (corresponding to 12 January 2025G)	Municipality in, Makkah
3	Hamra (Jeddah)	39111447103	17/04/1439H (corresponding to 04 January 2018G)	16/04/1442H (corresponding to 1 December 2020G)	Municipality in Azizia, Jeddah
4	Shola (Jeddah)	39111412238	20/07/1436H (corresponding to 9 May 2015G)	19/07/1444H (corresponding to 10 February 2023G)	Municipality in Azizia, Jeddah
5	Azizia (Makkah)	3909580502	23/03/1439H (corresponding to 11 December 2017G)	22/03/1446H (corresponding to 25 September 2024G)	Municipality in, Makkah
6	Haram (Makkah)	3909562801	19/04/1439H (corresponding to 06 January 2018G)	18/04/1446H (corresponding to 21 October 2024G)	Municipality in Ajyad, Makkah
7	Sittin (Jeddah)	39111442326	15/01/1438H (corresponding to 16 October 2016G)	14/1/1442H (corresponding to 2 September 2020G)	Municipality in Azizia, Jeddah
8	Rabwa (Jeddah)	39111445048	25/12/1438H (corresponding to 16 September 2017G)	24/12/1443H (corresponding to 24 July 2022G)	Municipality in Mataar, Jeddah
9	Awali (Makkah)	3909562797	11/06/1439H (corresponding to 27 February 2018G)	10/06/1446H (corresponding to 11 December 2024G)	Municipality in Makkah
10	Taiba (Madinah)	39121559646	21/05/1437H (corresponding to 1 March 2016G)	20/05/1444H (corresponding to 14 December 2022G)	Municipality in Madinah
11	Anwar-Movenpick (Madinah)	39121559653	10/03/1437H (corresponding to 21 December 2015G)	09/03/1444H (corresponding to 5 October 2022G)	Municipality in Madinah
12	Zahra (Madinah)	40122538244	16/01/1438H (corresponding to 17 October 2016G)	15/01/1444H (corresponding to 14 September 2019G)	Municipality in Madinah

No.	Name of Branch and Location	License Number	Issuance Date	Expiry Date	Issuing Authority
13	Hijra (Madinah)	40112489719	29/11/1437H (corresponding to 01 September 2016G)	28/11/1443H (corresponding to 27 June 2022G)	Municipality in Quba, Madinah
14	Rusaifa (Makkah)	30909512860	28/08/1439H (corresponding to 14 May 2018G)	27/08/1446H (corresponding to 26 February 2025G)	Municipality in Makkah
15	Abraj Al Bait (Makkah)	3909506498	26/05/1439H (corresponding to 12 February 2018G)	25/05/1446H (corresponding to 27 November 2024G)	Municipality in Ajyad, Makkah
16	Rotana (Madinah)	39121546289	06/11/1438H (corresponding to 29 July 2017G)	05/11/1445H (corresponding to 13 May 2024G)	Municipality in Madinah
17	Kakia (Makkah)	3909550143	15/08/1439H (corresponding to 01 May 2018G)	14/08/1446H (corresponding to 13 February 2025G)	Municipality in Al Shoqiyah, Makkah
18	Heraa (Jeddah)	3911319940	14/05/1437H (corresponding to 23 February 2016G)	13/05/1444H (corresponding to 07 December 2022G)	Municipality in Jeddah
19	Aya Mall (Jeddah)	39111332187	25/08/1437H (corresponding to 1 June 2016G)	24/08/1442H (corresponding to 7 April 2021G)	Municipality in Abhor, Jeddah
20	Jabal Omar (Makkah)	3909565857	21/05/1439H (corresponding to 07 February 2018G)	20/05/1446H (corresponding to 22 November 2024G)	Municipality in Ajyad, Makkah
21	Jamaat (Madinah)	39121559568	11/02/1437H (corresponding to 23 November 2015G)	10/02/1444H (corresponding to 06 September 2022G)	Municipality in Madinah
22	Bin Jelala 2 (Khamis Mushait)	3909669359	06/03/1438H (corresponding to 5 December 2016G)	06/03/1444H (corresponding to 02 October 2022G)	Municipality in Khamis Mushayt
23	Taif Valley Center (Taif)	3910725925	15/07/1439H (corresponding to 02 April 2018G)	15/07/1446H (corresponding to 15 January 2025G)	Municipality in East Taif
24	Bin Jelala 3 (Khamis Mushait)	3909117051	21/08/1438H (corresponding to 17 May 2017G)	21/08/1445H (corresponding to 02 March 2024G)	Municipality in Khamis Mushayt
25	Al Falah (Jeddah)	39111425750	15/08/1439H (corresponding to 1 May 2018G)	14/08/1442H (corresponding to 27 March 2021G)	Municipality in Taiba, Jeddah
26	Al Shoqiyah (Makkah)	3910738046	27/10/1439H (corresponding to 11 July 2018G)	27/10/1445H (corresponding to 06 May 2024G)	Municipality in Al Shoqiyah, Makkah
27	Bin Jumma-2 (Taif)	40082143855	25/08/1440H (corresponding to 30 April 2019G)	24/08/1445H (corresponding to 05 March 2024G)	Municipality in East Taif
28	Warehouse (Bahara)	3909577690	29/07/1438H (corresponding to 26 April 2017G)	27/05/1444H (corresponding to 21 December 2022G)	Municipality in Bahra

Source: Company information.

Table (12-10): Details of Municipality Licenses Obtained by the branches of Danube Star

No.	Name of Branch and Location	License Number	Issuance Date	Expiry Date	Issuing Authority
1	Takhasusi Road (Riyadh)*	-	-	-	-
2	Al-Thuraya district, East of the Air Base Bridge (Jeddah)*	-	-	-	-
3	Northern Al-Aziziyah, Main Road, Salhiya Complex (Makkah)*	-	-	-	-
4	Warehouse – Abi Malik Al Ashajee Street (Briman)	41073493301	19/09/1441H (corresponding to 12 May 2020G)	19/09/1446H (corresponding to 19 March 2025G)	Municipality in Jeddah

** The Company is currently taking the necessary measures to issue the branches of Danube Star's municipality licenses that it has not obtained as at the date of this Prospectus.*

Source: Company information.

Table (12-11): Details of Civil Defense Licenses Obtained by the branches of Danube

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
1	Madinah (Jeddah)	2-000156490	04/09/1441H (corresponding to 27 April 2020G)	04/09/1442H (corresponding to 16 April 2021G)
2	Khalidiya (Jeddah)	38674-000009	27/03/1438H (corresponding to 26 December 2016G)	27/03/1439H (corresponding to 15 December 2017G)*
3	Tahlia-1 (Jeddah)	36674-000012	26/10/1436H (corresponding to 11 August 2015G)	18/04/1438H (corresponding to 16 January 2017G)*
4	Nahda(Jeddah)	2-000035226-40	23/02/1440H (corresponding to 01 November 2018G)	23/02/1441H (corresponding to 22 October 2019G)*
5	Arbaeen (Jeddah)	37674-000001	06/01/1437H (corresponding to 19 October 2015G)	22/08/1438H (corresponding to 18 May 2017G)*
6	Serafi-1 (Jeddah)	36655-000234	07/08/1436H (corresponding to 25 May 2015G)	18/06/1437H (corresponding to 27 March 2016G)*
7	Hayat (Riyadh)	1-000121337-39	23/12/1439H (corresponding to 03 September 2018G)	23/12/1440H (corresponding to 24 August 2019G)*
8	Red Sea (Jeddah)	1-000551359-41	03/11/1441H (corresponding to 24 June 2020G)	03/11/1442H (corresponding to 13 June 2021G)
9	Panorama (Riyadh)	1-000271496-40	22/05/1440H (corresponding to 28 January 2019G)	22/05/1441H (corresponding to 17 January 2020G)
10	Central Park Al Salam Mall 1 (Jeddah)**	-	-	-
11	Binjuma Center 1 (Khobar)	14380313162155	13/03/1438H (corresponding to 12 December 2016G)	13/03/1440H (corresponding to 21 November 2018G)*
12	Hitten (Riyadh)	2-000289467-41	24/06/1441H (corresponding to 18 February 2020G)	24/06/1442H (corresponding to 06 February 2021G)
13	Al Kharj, (AlKharj)	1-000281286-40	10/05/1440H (corresponding to 16 January 2019G)	10/05/1441H (corresponding to 05 January 2020G)*

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
14	Faisalia (Dammam)	1-000154891-39	26/07/1439H (corresponding to 12 April 2018G)	26/07/1441H (corresponding to 2 April 2019G)*
15	Nakhla (Riyadh)	1-000281951-40	28/06/1440H (corresponding to 05 March 2019G)	28/06/1441H (corresponding to 22 February 2020G)*
16	Al Yasmin (Riyadh)	1-000289496-40	07/06/1440H (corresponding to 12 February 2019G	07/06/1441H (corresponding to 1 February 2020G)*
17	Al Telal (Riyadh)	1-000297237-40	27/06/1440H (corresponding to 04 March 2019G)	27/06/1441H (corresponding to 21 February 2020G)*
18	Bin Jelala 1 (Khamis Mushait)	5231	28/05/1437H (corresponding to 08 March 2016G)	28/05/1439H (corresponding to 14 February 2018G)*
19	Al Wadi (Riyadh)	1-000284883-40	21/06/1440H (corresponding to 26 February 2019G)	21/06/1441H (corresponding to 15 February 2020G)*
20	Jazan (Jazan)	464	26/07/1437H (corresponding to 3 May 2016G)	25/07/1438H (corresponding to 22 April 2017G)*
21	Salmaniah (Al Ahsa)	297	27/11/1437H (corresponding to 30 August 2016G)	26/11/1440H (corresponding to 29 July 2019G)*
22	Al Salaam 2 (Al Ahsa)	2331/12/B	18/11/1437H (corresponding to 21 August 2016G)	17/11/1440H (corresponding to 20 July 2019G)*
23	Abha Gawhara (Abha)**	-	-	-
24	Al Yarmouk (Riyadh)	1-000307869-40	17/07/1440H (corresponding to 24 March 2019G)	17/07/1441H (corresponding to 12 March 2020G)*
25	Al Mazruiah (Dammam)	1-000165938-39	13/11/1439H (corresponding to 26 July 2018G)	13/11/1440H (corresponding to 16 July 2019G)*
26	Al Aqeeq (Riyadh)	1-000275635-40	23/05/1440H (corresponding to 29 January 2019G)	23/05/1441H (corresponding to 18 January 2020G)*
27	Al Rakah (Khobar)	1-000142127-39	16/08/1439H (corresponding to 02 May 2018G)	16/08/1440H (corresponding to 21 April 2019G)*
28	Al Waha - Eshbiliya (Riyadh)	1-000307905-40	21/07/1440H (corresponding to 28 March 2019G)	21/07/1441H (corresponding to 16 March 2020G)*
29	Moosa (Al Ahsa)	1-000269866-40	18/11/1440H (corresponding to 21 July 2019G)	18/11/1441H (corresponding to 9 July 2020G)*
30	AlBadeea Plaza (Riyadh)	452	02/02/1439H (corresponding to 22 October 2020G)	02/02/1440H (corresponding to 11 October 2021G)*
31	AlBuhaira (Dammam)	1-000266563-40	23/04/1440H (corresponding to 30 December 2018G)	23/04/1441H (corresponding to 20 December 2019G)*
32	Aziziza Plaza (Khobar)	14380921253661	21/09/1438H (corresponding to 16 June 2017G)	21/09/1439H (corresponding to 10 June 2018G)*

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
33	AlGhadeer Plaza (Riyadh)	41-000553804-1	29/10/1441H (corresponding to 21 June 2020G)	29/10/1442H (corresponding to 10 June 2021G)*
34	AlShata (Dammam)	1-000170716-39	24/08/1439H (corresponding to 10 May 2018G)	24/08/1440H (corresponding to 29 April 2019G)*
35	Alwaha Alkhadra (Green Oasis) (Riyadh)	1-000307926-40	17/07/1440H (corresponding to 24 March 2019G)	17/07/1441H (corresponding to 12 March 2020G)*
36	AlRawabi Plaza (Riyadh)	1-000357990-40	12/11/1440H (corresponding to 15 July 2019G)	12/11/1441H (corresponding to 03 July 2020G)*
37	Maghrazat (Riyadh)	1-000296299-40	20/06/1440H (corresponding to 25 February 2019G)	20/06/1441H (corresponding to 14 February 2020G)*
38	AlSuhool (Jubail)	1-000229639040	28/03/1441H (corresponding to 25 November 2019G)	28/03/1442H (corresponding to 14 November 2020G)
39	Ravala Plaza (Abha)**	-	-	-
40	Tahlia 2 (Jeddah)	1-000490748-41	09/07/1441H (corresponding to 4 March 2020G)	09/07/1442H (corresponding to 21 February 2021G)
41	Unaizah Plaza	-	13/08/1439H (corresponding to 29 April 2018G)	13/08/1440H (corresponding to 18 April 2019G)*
42	Terra Mall (Taif)	1-000297676-40	20/07/1440H (corresponding to 27 March 2019G)	20/07/1441H (corresponding to 15 March 2020G)*
43	Hail (Hail)**	-	-	-
44	Al Mazaar Takhasusi-1(Riyadh)**	-	-	-
45	Alandalus (Riyadh)	1-000505448-41	21/07/1441H (corresponding to 16 March 2020G)	21/07/1442H (corresponding to 5 March 2021G)
46	Bin Jelala 4 (Khamis Mushait)	1-000533399-41	14/11/1441H (corresponding to 5 July 2020H)	14/11/1441H (corresponding to 24 June 2021H)
47	Warehouse (Bahra)	1-000411259-41	24/02/1441H (corresponding to 23 October 2019G)	24/02/1442H (corresponding to 11 October 2020G)
48	Warehouse (Riyadh)**	-	-	-

** The Company is currently taking the necessary measures to renew the validity of the 32 expired civil defense permits.*

***The Company has not obtained these permits as at the date of this Prospectus, and is currently taking the necessary measure to issue these 5 permits.*

Source: Company Information

Table (12-12): Details of Civil Defense Permits Obtained by the branches of BDSS

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
1	Shisha (Makkah)	1-000393397-41	09/01/1441H (corresponding to 08 September 2019G)	09/01/1442H (corresponding to 28 August 2020G)
2	Zahir (Makkah)	1-000239861-40	12/03/1440H (corresponding to 20 November 2018G)	12/03/1441H (corresponding to 09 November 2019G)*
3	Hamra (Jeddah)	3590-000008	27/03/1438H (corresponding to 26 December 2016G)	08/02/1440H (corresponding to 17 October 2018G)*
4	Shola (Jeddah)	36674-000008	22/08/1436H (corresponding to 09 June 2015G)	12/08/1437H (corresponding to 19 May 2016G)*
5	Azizia (Makkah)	1-000209003-39	16/02/1440H (corresponding to 25 October 2018G)	16/02/1441H (corresponding to 12 September 2022G)
6	Haram (Makkah)	1-000347240-40	29/11/1440H (corresponding to 1 August 2019G)	29/11/1441H (corresponding to 20 July 2020G)*
7	Sittin (Jeddah)	36265-000111	12/05/1436H (corresponding to 03 March 2015G)	04/04/1438H (corresponding to 02 January 2017G)*
8	Rabwa (Jeddah)	1-000069738-39	26/02/1439H (corresponding to 15 November 2017G)	26/02/1440H (corresponding to 04 November 2018G)*
9	Awali (Makkah)	1-000393405-41	09/01/1441H (corresponding to 08 September 2019G)	01/01/1442H (corresponding to 20 August 2020G)
10	Taiba (Madinah)**	-	-	-
11	Anwar-Movenpick (Madinah)	122	17/02/1437H (corresponding to 29 November 2015G)	24/01/1438H (corresponding to 25 October 2016G)
12	Zahra (Madinah)	390718	27/02/1439H (corresponding to 16 November 2017G)	27/02/1440H (corresponding to 5 November 2018G)
13	Hijra (Madinah)	390889	10/03/1439H (corresponding to 28 November 2017G)	10/03/1440H (corresponding to 18 November 2018G)
14	Rusaifa Branch (Makkah)	1-000250986-40	14/03/1440H (corresponding to 22 November 2018G)	14/03/1441H (corresponding to 11 November 2019G)
15	Abraj Al Bait (Makkah)	3690-000165	26/11/1436H (corresponding to 10 September 2015G)	12/11/1438H (corresponding to 04 August 2017G)
16	Rotana (Madinah)	19299	05/07/1439H (corresponding to 22 March 2018G)	05/07/1440H (corresponding to 12 March 2019G)
17	Kakia (Makkah)	1-000251650-40	12/03/1440H (corresponding to 20 November 2018G)	12/03/1441H (corresponding to 09 November 2019G)
18	Heraa (Jeddah)	1-000210281-39	21/01/1440H (corresponding to 01 October 2018G)	21/01/1441H (corresponding to 20 September 2019G)

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
19	Aya Mall (Jeddah)	1-000300372-40	09/07/1440H (corresponding to 16 March 2019G)	09/07/1441H (corresponding to 04 March 2020G)*
20	Jabal Omar (Makkah)	3690-000135	22/08/1436H (corresponding to 09 June 2015G)	16/07/1438H (corresponding to 13 April 2017G)
21	Jamaat (Madinah)	381998	02/06/1438H (corresponding to 01 March 2017G)	02/06/1439H (corresponding to 18 February 2018G)
22	Bin Jelala 2 (Khamis Mushait)	3281	09/02/1438H (corresponding to 09 November 2016G)	24/01/1441H (corresponding to 23 September 2019G)
23	Taif Valley Center (Taif)**	-	-	-
24	Bin Jelala-3 (Khamis Mushait)**	-	-	-
25	Al Falah (Jeddah)	1-000156052-39	02/08/1439H (corresponding to 18 April 2018G)	02/08/1440H (corresponding to 07 April 2019G)
26	Al Shoqiyah (Makkah)	1-000365038-40	06/11/1440H (corresponding to 09 July 2019G)	06/11/1441H (corresponding to 27 June 2020G)*
27	Bin Jumma-2 (Taif)	1-000318182-30	24/08/1440H corresponding to 29 April 2019G)*	24/08/1441H (corresponding to 17 April 2020G)
28	Warehouse (Bahara)	1-000411247-41	10/03/1441H (corresponding to 07 November 2019G	10/03/1442H (corresponding to 27 October 2020G)

** The Company is currently taking the necessary measures to renew the validity of the 21 expired civil defense permits.*

***The Company has not obtained these permits as at the date of this Prospectus, and is currently taking the necessary measure to issue these 3 permits.*

Source: Company information.

Table (12-13): Details of Civil Defense Permits Obtained by the branches of Danube Star

No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
1	Takhasusi Road (Riyadh)*	-	-	-
2	Al-Thuraya district, East of the Air Base Bridge (Jeddah)	1-000310994-40	15/04/1441H (corresponding to 12 December 2019G)	15/04/1442H (corresponding to 30 November 2020G)
3	Northern Al-Aziziyah, Main Road, Salhiya Complex (Makkah)*	-	-	-
4	Warehouse – Abi Malik Al Ashajee Street (Briman)	1-000530127-41	19/09/1441H (corresponding to 12 May 2020G)	19/09/1442H (corresponding to 1 May 2021G)

** The Company is currently taking the necessary measures to issue the civil defense permits for the two (2) branches of Danube Star, which it has not obtained as at the date of this Prospectus.*

Source: Company information.

Table (12-14): Details of the Saudi Food and Drug Authority Licenses Obtained by the Subsidiaries

Site	Issued to	Issuing Authority	License Number	Issue Date	Expiration Date
Bahara Warehouse	Danube	Saudi Food and Drug Authority	WD-00931	11/11/1440H (corresponding to 14 July 2019G)	11/11/1441H (corresponding to 02 July 2020G)*
Warehouse (Riyadh)**	Danube	-	-	-	-
Warehouse – Abi Malik Al Ashajee Street (Briman)**	Danube Star	-	-	-	-

** The Company is currently taking the necessary measures to renew the validity of the Saudi Food and Drug Authority license.*

***The Company has not obtained these 2 permits as at the date of this Prospectus, and is currently taking the necessary measure to issue these 2 new permits.*

Source: Company information.

The table below shows the details of the expired Civil Defense Licenses of the Company and its Subsidiaries.

Table (12-15): Details of expired civil defense licenses of the Company and its Subsidiaries:

Details of Expired Civil Defense Licenses of BDSS Branches				
No	**Name of Branch and Location**	**Permit Number**	**Issuance Date**	**Expiry Date**
1	Zahir (Makkah)	1-000239861-40	12/03/1440H (corresponding to 20 November 2018G)	12/03/1441H (corresponding to 09 November 2019G)
2	Hamra (Jeddah)	3590-000008	27/03/1438H (corresponding to 26 December 2016G)	08/02/1440H (corresponding to 17 October 2018G)
3	Shola (Jeddah)	36674-000008	22/08/1436H (corresponding to 09 June 2015G)	12/08/1437H (corresponding to 19 May 2016G)
4	Haram (Makkah)	1-000347240-40	29/11/1440H (corresponding to 01 August 2019G)	29/11/1441H (corresponding to 20 July 2020G)
5	Sittin (Jeddah)	36265-000111	12/05/1436H (corresponding to 03 March 2015G)	04/04/1438H (corresponding to 02 January 2017G)
6	Rabwa (Jeddah)	1-000069738-39	26/02/1439H (corresponding to 15 November 2017G)	26/02/1440H (corresponding to 04 November 2018G)
7	Anwar-Movenpick (Madinah)	122	17/02/1437H (corresponding to 29 November 2015G)	24/01/1438H (corresponding to 25 October 2016G)
8	Zahra (Madinah)	390718	27/02/1439H (corresponding to 16 November 2017G)	27/02/1440H (corresponding to 5 November 2018G)
9	Hijra (Madinah)	390889	10/03/1439H (corresponding to 28 November 2017G)	10/03/1440H (corresponding to 18 November 2018G)
10	Rusaifa Branch (Makkah)	1-000250986-40	14/03/1440H (corresponding to 22 November 2018G)	14/03/1441H (corresponding to 11 November 2019G)
11	Abraj Al Bait (Makkah)	3690-000165	26/11/1436H (corresponding to 10 September 2015G)	12/11/1438H (corresponding to 04 August 2017G)
12	Rotana (Madinah)	19299	05/07/1439H (corresponding to 22 March 2018G)	05/07/1440H (corresponding to 12 March 2019G)

Details of Expired Civil Defense Licenses of BDSS Branches				
No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
13	Kakia (Makkah)	1-000251650-40	12/03/1440H (corresponding to 20 November 2018G)	12/03/1441H (corresponding to 09 November 2019G)
14	Heraa (Jeddah)	1-000210281-39	21/01/1440H (corresponding to 01 October 2018G)	21/01/1441H (corresponding to 20 September 2019G)
15	Aya Mall (Jeddah)	1-000300372-40	09/07/1440H (corresponding to 16 March 2019G)	09/07/1441H (corresponding to 04 March 2020G)
16	Jabal Omar (Makkah)	3690-000135	22/08/1436H (corresponding to 09 June 2015G)	16/07/1438H (corresponding to 13 April 2017G)
17	Jamaat (Madinah)	381998	02/06/1438H (corresponding to 01 March 2017G)	02/06/1439H (corresponding to 18 February 2018G)
18	Bin Jelala 2 (Khamis Mushait)	3281	09/02/1438H (corresponding to 09 November 2016G)	24/01/1441H (corresponding to 23 September 2019G)
19	Al Falah (Jeddah)	1-000156052-39	02/08/1439H (corresponding to 18 April 2018G)	02/08/1440H (corresponding to 07 April 2019G)
20	Al Shoqiyah (Makkah)	1-000365038-40	06/11/1440H (corresponding to 9 July 2019G)	06/11/1441H (corresponding to 27 June 2020G)
21	Bin Jumma-2 (Taif)	1-000318182-30	24/08/1440H corresponding to 29 April 2019G)	24/08/1441H (corresponding to 17 April 2020G)

Details of Expired Civil Defense Licenses of Danube Branches				
No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
1	Khalidiya (Jeddah)	38674-000009	27/03/1438H (corresponding to 26 December 2016G)	27/03/1439H (corresponding to 15 December 2017G)
2	Tahlia-1 (Jeddah)	36674-000012	26/10/1436H (corresponding to 11 August 2015G)	18/04/1438H (corresponding to 16 January 2017G)
3	Nahda(Jeddah)	2-000035226-40	23/02/1440H (corresponding to 01 November 2018G)	23/02/1441H (corresponding to 22 October 2019G)
4	Arbaeen (Jeddah)	37674-000001	06/01/1437H (corresponding to 19 October 2015G)	22/08/1438H (corresponding to 18 May 2017G)
5	Serafi-1 (Jeddah)	36655-000234	07/08/1436H (corresponding to 25 May 2015G)	18/06/1437H (corresponding to 27 March 2016G)
6	Hayat Mall (Riyadh)	1-000121337-39	23/12/1439H (corresponding to 03 September 2018G)	23/12/1440H (corresponding to 24 August 2019G)
7	Panorama (Riyadh)	1-000271496-40	22/05/1440H (corresponding to 28 January 2019G)	22/05/1441H (corresponding to 17 January 2020G)

Details of Expired Civil Defense Licenses of Danube Branches				
No	Name of Branch and Location	Permit Number	Issuance Date	Expiry Date
8	Binjuma Center 1 (Khobar)	14380313162155	13/03/1438H (corresponding to 12 December 2016G)	13/03/1440H (corresponding to 21 November 2018G)
9	Faisalia (Dammam)	1-000154891-39	26/07/1439H (corresponding to 12 April 2018G)	26/07/1440H (corresponding to 02 April 2019G)
10	Nakhla (Riyadh)	1-000281951-40	28/06/1440H (corresponding to 05 March 2019G)	28/06/1441H (corresponding to 22 February 2020G)
11	Al Yasmin (Riyadh)	1-000289496-40	07/06/1440H (corresponding to 12 February 2019G	07/06/1441H (corresponding to 1 February 2020G)
12	Al Telal (Riyadh)	1-000297237-40	27/06/1440H (corresponding to 04 March 2019G)	27/06/1441H (corresponding to 21 February 2020G)
13	Bin Jelala 1 (Khamis Mushait)	5231	28/05/1437H (corresponding to 08 March 2016G)	28/05/1439H (corresponding to 14 February 2018G)
14	Al Wadi (Riyadh)	1-000284883-40	21/06/1440H (corresponding to 26 February 2019G)	21/06/1441H (corresponding to 15 February 2020G)
15	Jazan (Jazan)	464	26/07/1437H (corresponding to 03 May 2016G)	25/07/1438H (corresponding to 22 April 2017G)
16	Salmaniah (Al Ahsa)	297	27/11/1437H (corresponding to 30 August 2016G)	26/11/1440H (corresponding to 29 July 2019G)
17	Al Salaam 2 (Al Ahsa)	2331/12/B	18/11/1437H (corresponding to 21 August 2016G)	17/11/1440H (corresponding to 20 July 2019G)
18	Al Yarmouk (Riyadh)	1-000307869-40	17/07/1440H (corresponding to 24 March 2019G)	17/07/1441H (corresponding to 12 March 2020G)
19	Al Mazruiah (Dammam)	1-000165938-39	13/11/1439H (corresponding to 26 July 2018G)	13/11/1440H (corresponding to 16 July 2019G)
20	Al Aqeeq (Riyadh)	1-000275635-40	23/05/1440H (corresponding to 29 January 2019G)	23/05/1441H (corresponding to 18 January 2020G)
21	Al Rakah (Khobar)	1-000142127-39	16/08/1439H (corresponding to 02 May 2018G)	16/08/1440H (corresponding to 21 April 2019G)
22	Al Waha - Eshbiliya (Riyadh)	1-000307905-40	21/07/1440H (corresponding to 28 March 2019G)	21/07/1441H (corresponding to 16 March 2020G)
23	Al Mousa (Al Ahsa)	1-000269866-40	18/11/1440H (corresponding to 21 July 2019G)	18/11/1441H (corresponding to 9 July 2020G)
24	AlBadeea Plaza (Riyadh)	452	02/02/1439H (corresponding to 22 October 2017G)	02/02/1440H (corresponding to 11 October 2018G)
25	AlBuhaira (Dammam)	1-000266563-40	23/04/1440H (corresponding to 30 December 2018G)	23/04/1441H (corresponding to 20 December 2019G)

Details of Expired Civil Defense Licenses of Danube Branches				
No	**Name of Branch and Location**	**Permit Number**	**Issuance Date**	**Expiry Date**
26	Aziziza Plaza (Khobar)	14380921253661	21/09/1436H (corresponding to 16 June 2017G)	21/09/1439H (corresponding to 05 June 2018G)
27	AlShata (Dammam)	1-000170716-39	24/08/1439H (corresponding to 10 May 2018G)	24/08/1440H (corresponding to 29 April 2019G)
28	Alwaha Alkhadra (Green Oasis) (Riyadh)	1-000307926-40	17/07/1440H (corresponding to 24 March 2019G)	17/07/1441H (corresponding to 12 March 2020G)
29	AlRawabi Plaza (Riyadh)	1-000357990-40	12/11/1440H (corresponding to 15 July 2019G)	12/11/1441H (corresponding to 03 July 2020G)
30	Maghrazat (Riyadh)	1-000296299-40	20/06/1440H (corresponding to 25 February 2019G)	20/06/1441H (corresponding to 14 February 2020G)
31	Unaizah Plaza	-	13/08/1439H (corresponding to 29 April 2018G)	13/08/1440H (corresponding to 18 April 2019G)
32	Terra Mall (Taif)	1-000297676-40	20/07/1440H (corresponding to 27 March 2019G)	20/07/1441H (corresponding to 15 March 2020G)

Source: Company Information

12.6 Material Agreements

The Company has entered into a number of material agreements and contracts with multiple parties. This section sets out summaries of agreements and contracts which may, in the best knowledge of the Board, be material and significant with respect to the Company's business or which may impact the investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below does not include all terms and conditions and it cannot be considered a substitute for the terms and conditions of these agreements.

12.6.1 Shareholders Agreement

On 08/04/1437H (corresponding to 18/01/2016G), the Company's Shareholders entered into a shareholders agreement that governed several issues, including the Company's capital, financial matters, financial reports, offering shares for subscription, Shareholder meetings, formation of the Board of Directors and committees thereof, the accounting system, termination of the Agreement, applicable law and dispute resolution. In addition, the Shareholders Agreement regulates the dividend distribution policy whereby more than 50% of the Company's annual profits are distributed. This Agreement will automatically expire upon completion of the Offering and a dividend distribution policy will be adopted in accordance with the Company's Articles of Association. For more details on the dividend distribution policy to be adopted by the Company upon completion of the Offering, please refer to Section 12.13.43 ("**Distribution of Profits**").

The agreement stipulates that it shall be automatically terminated upon completion of the Offering.

12.6.2 Key Supply Agreements

The top 25 suppliers of 2019G (identified based on gross purchases in 2019G) of the Company each of which supplies multiple products across several of the Company's Stores, collectively contributed to 40.0%, 41.7% and 43.2% of the Company's total gross purchases for the years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. The total value of contracts concluded with the Key Suppliers was SAR 1,603.6 million, SAR 1,590.0 million and SAR 1,750.9 million for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, respectively. The Company does not intend to disclose the value of these key supply agreements (on a contract by contract basis) in this Prospectus, due to its commercially sensitive nature.The terms of the supply agreements are negotiated with the Key Suppliers at the Company level and then upon agreement on the terms, each Subsidiary executes a contract with each of these suppliers.

As at the date of this Prospectus, the Company uses its standard form terms to enter into supply contracts with new suppliers and to renew existing contracts with existing suppliers. However, the majority of the Company's existing supply contracts relating to the Key Suppliers do not yet follow the standard form of supply contract (except for 7 contracts out of 25 contracts made with the Key Suppliers), although most of the general terms and conditions are substantially similar with respect to the supply contract. In the case of 6 of its Key Suppliers, the Company did not execute official supply arrangements (for further details, please refer to Section 12.6.2.2 ("**Summary of main terms of arrangements with Key Suppliers not subject to supply contracts**").

The terms of the Company's supply contracts signed with Key Suppliers typically include the following:

- the products are supplied on the basis of purchase orders issued by the Company;
- the term of the supply contracts varies generally between one year and three years;
- the term of the supply contracts is generally not subject to an automatic renewal (however 9 out of 25 Key Suppliers' contracts contain automatic renewal provisions);
- the credit terms of the supply contracts are generally 30 to 60 days from the date the supplier issues a statement of account (although in few contracts the payment is made from the receipt date of the products);
- suppliers pay certain fees to the Company comprising registration fees (paid upon the opening of the supplier's account), listing fees (paid in the event the supplier wishes to supply a new product in the Stores) and opening fees (paid in the event the supplier wished to supply products in newly opened Stores). The Company determines these fees annually, taking into account general economic factors (such as the financial position of the Company and the suppliers) and commercial factors (such as the importance of the supplier's products to the Company's business, the total sales value of the supplier's products to the Company, and the historical relationship between the supplier's and the Company). The agreed upon value of these rebates are not disclosed in this Prospectus, as the Company considers this information to be commercially sensitive and, if disclosed, this would have a materially adverse impact on the Company and its future business;
- suppliers grant to the Company either or several of the following rebates: (i) display rebates in consideration of the rent by the supplier of blocks of shelves, gandolas and spaces in the Stores on the basis of an agreed list of Stores; (ii) progressive rebates on the basis of volume of sales reached by the Company; and (iii) rebates in relation to the participation to the Company's events or visibility services in the Stores (e.g. promotional events, distribution of flyers etc.). In general, the rebates are deducted on a quarterly basis (although in some contracts the rebates are deducted on a monthly or annual basis and exceptionally on a weekly basis). Typically, the rebates are paid by virtue of credit notes issued by the suppliers. Additionally, the value of the agreed upon incentives have not been disclosed, as the Company considers this information commercially sensitive and, if disclosed, would have a negative and material impact on the Company and its future business prospects;
- while few contracts do not provide the Company with the right to return the products (except for damaged goods notified within a period of time from the receipt of the products, or in few contracts a percentage payment of the purchases is provided as a compensation), in general the Company may return to the suppliers damaged, expired or over stock products.

12.6.2.1 Summary of main terms of supply contracts with Key Suppliers

Table (12-16): Supply Agreements between Nestle Saudi Arabia and each of BDSS and "Danube Stores Company"*

Term	2 years starting from 1 January 2019G to 31 December 2020G
Product Categories	Food products
Payment Terms	Payment to be made within 30 days from the date of statement of account prepared by Nestle Saudi Arabia.
Renewal	By mutual agreement
Termination Rights	• Termination of the contract by mutual consent • Termination of the contract for convenience by Nestle Saudi Arabia subject to 1 month prior written notice • Termination of the contract for cause by either party in case of breach by the other party of the terms of the contract or in case of insolvency or liquidation of the other party
Rights of Return	Rights of return for products rejected within 72 hours from delivery time, except for infant nutrition products and expired products

** Danube has not been identified by its correct legal name. Danube Company for Foodstuffs and Commodities has been defined therein as "Danube Stores Company" in this contract. Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-17): Supply Agreements between Ismail Ali Abudawood Trading Company Limited and each of "BinDawood Company" and "Danube Company"*

Term	2 years starting from 1 January 2019G to 31 December 2020G
Product Categories	Food products (coffee and chewable candy) and non-food products (fabric & home care products and health and beauty care products)
Payment Terms	N/A
Renewal	Contract is valid for three months following its expiry date, during which parties should negotiate to renew by mutual consent
Termination Rights	Upon impossibility of complying with the terms and conditions, the agreement will be considered void and terminated and any due amounts are to be paid until the end of the previous month
Rights of Return	N/A

** BDSS and Danube have not been identified by their correct legal names. BinDawood Superstores Company has been defined therein as "BinDawood Company", and Danube Company for Foodstuff and Commodities has been defined therein as "Danube Company". Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-18): Supply Agreements between Mondelez Arabia for Trading LLC and each of Danube and BDSS

Term	2 years starting from 1 January 2019G to 31 December 2020G
Product Categories	Food products
Payment Terms	BinDawood must pay all invoices either within 30 or 45 days of the end of the Gregorian calendar month in which the invoice was dated based on the statement issued by Mondelez*
Renewal	By mutual agreement
Termination Rights	• In each case, either party may terminate the agreement for convenience on 30 days' notice to the other party • In each case, Mondelez may terminate the agreement immediately upon written notice if BinDawood Group or Danube has breached any undertaking arising under Mondelez's company policies
Rights of Return	No return rights, however, Mondelez will not be liable for any defects in the goods unless notified by Danube and / or BinDawood within 30 days of receipt of the goods

** This is not clear from the terms of the contract. There is a discrepancy between the term stated in the English version and the Arabic version of the contract.*

Source: Company information.

Table (12-19): Supply Agreements between the National Agricultural Development Company (NADEC) and each of "BinDawood Saudi" and "Danube Saudi"*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	Food products (fresh dairy and juices, olive oil, and cheese products)
Payment Terms	BinDawood will pay the amounts owed within 60 days of the date on which NADEC submitted the statement
Renewal	The Company is currently in the process of renewing these contracts.
Termination Rights	• NADEC may terminate its rights under the agreement in the event of payment delay without prior notification to the other party • In case of breach of the agreement, both parties have the right to terminate this agreement
Rights of Return	NADEC is responsible for expired products and shall replace them with products of same value

** BDSS and Danube have not been identified by their correct legal names. BinDawood Superstores Company has been defined therein as "BinDawood Saudi", and Danube Company for Foodstuff and Commodities has been defined therein as "Danube Saudi". Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-20): Supply Agreement number 338660 between Arrow Food Distribution Company and each of BDSS and Danube (tri-party agreement)*

Term	1 year starting from 1 January 2019G to 31 December 2019G - the contract shall be renewed automatically.
Product Categories	N/A
Payment Terms	Payment to be made within 30 days of date of receipt of products, on the condition that the statement of account is issued before the tenth day of each respective month
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	Arrow Food Distribution Company must collect over stock, damaged, expired and inventory loss products.

**Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with Arrow Food Distribution Company.*

Source: Company information.

Table (12-21): Supply Agreement between Al Wafi Al Takamul International for Food Products Limited and "BinDawood"*

Term	1 year starting from 1 January 2020G to 31 December 2020G
Product Categories	Food Products (frozen poultry, processed foods such as burgers, chicken nuggets and French fries)
Payment Terms	30 days from end of Gregorian calendar month/month end statement of account
Renewal	Renewed with written notice. If either party does not express their intention to terminate the contract it will be deemed to have renewed automatically
Termination Rights	60 days' notice to other party if one party wishes to terminate
Rights of Return	Al Wafi Al Takamul is responsible for returning damaged and expired products. Al Wafi Al Takamul will not be responsible for returning any damaged items due to freezer failure or mishandling by BinDawood

** BDSS has not been identified by its correct legal name. BinDawood Superstores Company has been defined therein as "BinDawood". Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-22): Supply Agreement between Afia International Company for Distribution and Marketing and "BinDawood" and "Danube"*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	Food products (Afia corn oil, Afia sunflower oil, Afia olive oil, Al Rabi, Shams, Leeza, Nakheel, Halah Dalal and Nasreen, Spray, Al Rabi Ketchup, Afia flavoured olive oil)
Payment Terms	BDSS has to pay credit balance within 20 days of receiving the monthly account statement from Afia International
Renewal	The Company is currently in the process of renewing these contracts
Termination Rights	• Both parties have the right to terminate the agreement if either party breaches the agreement and fails to rectify such breach within 90 days from receipt of a notice in writing by the non-defaulting party • Afia International may terminate the agreement for no cause by serving BinDawood a 30 days' written notice of termination
Rights of Return	N/A

** BDSS and Danube have not been identified by their correct legal names. BinDawood Superstores Company has been defined therein as "BinDawood ", and Danube Company for Foodstuff and Commodities has been defined therein as "Danube ". Please refer to Section 2.1.2 ("The Company's reliance on certain Key Suppliers").*

Source: Company information.

Table (12-23): Supply Agreement between Arabian Trading Supplies and BDSS and Danube *

Term	1 year from 1 January 2020G to 31 December 2020G
Product Categories	Confectionary products
Payment Terms	Payment to be made within 7 days from receipt of products, provided that the statement of account is issued before the 10th of each month.
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	Arabian Trading Supplies Company shall withdraw the return to vendor (RTV), over stock, damaged, expired and inventory loss products

**Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same two agreements made with Arabian Trading Supplies Co.*

Source: Company information.

Table (12-24): Supply Agreement between Olayan Kimberly-Clark Saudi Co. and BDSS and Danube (tripartite agreement)*

Term	2 years starting from 1 January 2018G to 31 December 2019G
Product Categories	N/A
Payment Terms	Payment to be made within 30 days from receipt of products, provided that the statement of account is issued before the tenth day of each month
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	Olayan Kimberly-Clark Saudi Co. shall withdraw the return to vendor (RTV), over stock, damaged, expired and inventory loss products

** Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with Olayan Kimberly-Clark Saudi Co.*

Source: Company information.

Table (12-25): Supply Agreement number 339403 between Arrow Food Distribution Company and BDSS and Danube (tripartite agreement)*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	N/A
Payment Terms	Payment to be made within 60 days from receipt of products, provided that the statement of account is issued before the tenth day of each month
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	Danube shall have the right to return the return to vendor (RTV), over stock, damaged, expired and inventory loss products

** Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with Arrow Food Distribution Company.*

Source: Company information.

Table (12-26): Supply Agreement between Basamah Commercial Distribution Company and BDSS and Danube (tripartite agreement)*

Term	1 year starting from 1 January 2018G to 31 December 2018G
Product Categories	N/A
Payment Terms	Payment to be made within 30 days from receipt of products, provided that the statement of account is issued before the tenth day of each month
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	N/A

** Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with Basamah Commercial Distribution Company.*

Source: Company information.

Table (12-27): Supply Agreement between Orient Provisions and Trading Company and BDSS and Danube (tripartite agreement)*

Term	2 years starting from 1 January 2018G to 31 December 2019G
Product Categories	N/A
Payment Terms	• Payment to be made within 60 days from receipt of products, provided that the statement of account is issued before the 10th of each month • Yearly rebates based on the volume are deducted on a monthly basis from the full value of purchases provided by Danube and BinDawood
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	Orient Provisions and Trading Company shall withdraw the return to vendor (RTV), over stock, damaged, expired and inventory loss products

** Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with Orient Provisions and Trading Company.*

Source: Company information.

Table (12-28): Supply Agreement between Saudi Radwa Food Co. Ltd. and BDSS

Term	1 year starting from 1 January 2020G to 31 December 2020G
Product Categories	fresh and frozen poultry products
Payment Terms	Payment to be made within 30 days from receipt by Saudi Radwa Food Co. Ltd. of the statement of account. The statement of account shall be issued by BDSS issued within a period of 5 working days from the beginning of each month
Renewal	Renewed by mutual agreement
Termination Rights	• Either party may terminate the agreement for no cause by serving a thirty days written notice of termination • Either party may terminate the agreement in case the other party breaches its obligations under the agreement
Rights of Return	No rights of return, returned quantities shall be settled on a monthly basis

Source: Company information.

Table (12-29): Supply Agreement between National Food Co (Americana Meat) and BDSS and Danube (tripartite agreement)*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	N/A
Payment Terms	Payment to be made within 30 days from receipt of products, provided that the statement of account is issued by National Food Co. (Americana Meat) before the 10th of each month
Renewal	Automatic renewal
Termination Rights	N/A
Rights of Return	National Food Co. (Americana Meat) shall withdraw the return to vendor (RTV), over stock, damaged, expired and inventory loss products

** Each of BDSS and Danube have not executed two separate agreements. Both of BDSS and Danube are parties to the same agreement made with National Food Co. (Americana Meat).*

Source: Company information.

Table (12-30): Supply Agreements between Danya Marketing Ltd. Company and each of "Bin Dawood" and "Al Danube SM"*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	Diary, yoghurt and juices products
Payment Terms	Payment to be made within 25 days from the invoice date
Renewal	Automatic renewal
Termination Rights	Either party may terminate the agreement if the other party fails to remedy the breach within 30 days from the date of notice
Rights of Return	Danya Marketing Ltd. Company shall replace expired products only

** BDSS and Danube have not been identified by its correct legal names. BinDawood Superstores Company has been defined therein as "BinDawood "Danube has been defined therein as "Al Danube SM". Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-31): Supply Agreements between Food and Fine Pastries Manufacturing Company (Sunbulah) and each of BDSS and Danube

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	Food products
Payment Terms	Payment to be made within 45 days from the date of the statement of account. In the event of payment to such invoices within 10 days
Renewal	By mutual agreement. The Company is currently in the process of renewing these contracts
Termination Rights	• Both parties have the right to terminate for no cause by serving a thirty days written notice of termination • Both parties have the right to terminate the agreement if either party fails to comply with a provision of the agreement
Rights of Return	No return right, unless approved by the Sunbalah and subject to an inspection of the products and reason for the return

Source: Company information.

Table (12-32): Supply Agreement between SADAFCO and "BinDawood Group"*

Term	1 year starting from 1 January 2019G to 31 December 2019G
Product Categories	Not determined
Payment Terms	Payment to be made within 45 days from receipt of the statement of account from SADAFCO
Renewal	The Company is currently in the process of renewing this contract.
Termination Rights	N/A
Rights of Return	N/A

** BDSS has not been identified by its correct legal name. BinDawood Superstores Company has been defined therein as "BinDawood Group". Please refer to Section 2.1.2 ("**The Company's reliance on certain Key Suppliers**").*

Source: Company information.

Table (12-33): Supply Agreement between Saudi Snack Foods Co. Ltd. and each of Danube and BDSS

Term	1 year starting from 1 January 2020G to 31 December 2020G
Product Categories	Salty snack food products
Payment Terms	The Supplier will issue invoices each time the products are delivered, and will also provide Danube and BDSS with a monthly detailed account statement of all invoices submitted during the previous Gregorian month. Danube and BDSS shall pay the price of products supplied to the Supplier based on the (account receivable) defined in the account statement within 30 days.
Renewal	N/A
Termination Rights	Either party may terminate the contract at any time by mutual written consent of both parties. The contract may also be terminated immediately by either party. In such case, the party wishing to terminate the contract shall notify the other in writing of any of the following reasons: • In the event of any material violation of any condition or provision stipulated in the contract, where the infringing party fails to remedy such violation within 30 days from the date of notification by the notifying party. • In the event that the other party becomes insolvent, makes any arrangements with its creditors, or appoints a liquidator on all or part of its assets, or in the event of voluntary or involuntary liquidation of its activity, or in the event of filing a petition for bankruptcy from or against the other party, or in the event that the other party is subject to a similar procedure regarding its debts. • In the event that the other party winds-up its current activity or enters into the liquidation process, or if the liquidation is ended, or the activity is otherwise suspended.
Rights of Return	If a supplied product is not fit for sale, Danube and BDSS must refuse to receive such product and inform the Supplier accordingly within a period not exceeding 15 days from the date of receipt. The Supplier is not required to replace unfit products which are reported to be unfit beyond the 15-day notification deadline, or if the Supplier considers that such products are not unfit for sale, as may be determined at the Supplier's absolute discretion.

Source: Company information.

12.6.2.2 Summary of main terms of arrangements with Key Suppliers not subject to supply contracts

These arrangements are not subject to formal supply contracts and do not include main terms, but are rather based on price lists, or incentives and rebates agreed upon from time to time with the suppliers, by way of simple emails enumerating a number of commercial terms. The total value of arrangements concluded with Key Suppliers not subject supply contracts amounted to SAR 568.7 million, SAR 561.6 million and SAR 625.0 million for financial years 2017G, 2018G and 2019G, respectively. The value of arrangements concluded with Key Suppliers not subject supply contracts represented 14.2%, 14.7% and 15.4% of the total gross purchases of the Company for supplied products for the financial years ended 31 December 2017G, 2018G and 2019G, respectively. The Company does not intend to disclose the value of these arrangements (each on a seperate basis) in this Prospectus, due to their commercially sensitive nature. These arrangements provide one or all of the Supplier Support Incentives or Supplier Support Incentives, as follows: (1) shelf display rental incentive (both monthly and/ or annual) deducted by the Company for the display of various products by supplier within the Company's Stores; (2) branch opening fee incentive deducted by the Company upon new branch openings; (3) volume based incentives payable to the Company by suppliers on the basis of volume of sales; (4) listing fee deducted by the Company against including a new SKU in one or more of the Company's Stores. The following is a summary of the arrangements with the Key Suppliers in respect of which the Company did not execute a supply contract:

12.6.2.2.1 Supply Agreements with Binzagr Unilever Distribution Co. for Non-Food Products

The commercial relationship between the Company and Binzagr Distribution Co. is based on a table stamped and signed by BDSS and Binzagr Unilever Distribution Co. which sets out the list of washing, health and beauty products to be supplied for the year 2019G. The Company is currently about to renew this agreement. The table includes shelf display rental incentives for Binzagr Unilever Distribution Co. renting shelves and spaces in Stores and incentives against participation in the Company's events or promotional activities within the Stores.

12.6.2.2.2 Supply Agreements with Said M.O. Binzagr Partners Co. Ltd. (Food Products)

The Company deals with Said M.O. Binzager Partners Co. Ltd. for the supply of food products (e.g. Hershey, Carlsberg, Igloo Ice Cream and Bonny branded products) to Danube and BDSS. Each of the supply arrangements with the Binzager entities is based on tables stamped and signed which sets out the list of products to be supplied for the year starting from 1 January 2020 to 31 December 2020. The table sets out the display rebates in consideration of the lease by Said M.O. Binzager Partners Co. Ltd. of shelves and spaces in Stores, the progressive rebates paid based on the volume of sales, rebates in relation to the participation to promotional events or activities organized in the Stores.

12.6.2.3 Supply Agreements with Almarai Trading Co. Ltd.

The supply of products by Almarai Trading Co. Ltd. to Danube and BDSS is based on a joint business plan offer letter executed by each of Almarai Trading Co. Ltd. and Hassan Sharif as Deputy Purchasing Director on behalf of both Danube and BinDawood in April 2019. The offer letter is undated but sets out a business plan for the years 2019-2021 including progressive rebates paid based on the volume of sales and rebates in relation to the participation to promotional events or activities organized in the Stores.

12.6.2.4 Supply Agreements with Ismail Ali Abudawood Trading Co. Ltd.

The supply of products by Ismail Ali Abudawood Trading Co. Ltd. to Danube and BDSS (e.g. Kinder and Nutella branded products) is based on an exchange of correspondence via email between Danube and BDSS and Ismail Ali Abudawood Trading Co. Ltd. The conditions include display rental incentives against Ismail Ali Abudawood Trading Co. Ltd. renting spaces within the Stores, volume based rebates incentives, and a fixed amount payable by Ismail Ali Abudawood Trading Co. Ltd. in relation to the promotion of supplied products.

This agreements is valid for two years starting from 1 January 2019G.

12.6.2.5 Supply Agreement with Mohammed Abdullah Sharbatly Co. Ltd.

The supply of products by Mohammed Abdullah Sharbatly Co. Ltd. to Danube and BDSS is based on an exchange of correspondence via email between Danube and BDSS and Mohammed Abdullah Sharbatly Co. Ltd. on volume based rebates incentives, and incentives against participation in the Company's events or promotional activities within the Stores during the year 2019G. The Company is currently in the process of renewing this agreement.

12.6.2.6 Supply Agreement with Abdullah A. Almunajem Sons Co.

Abdullah A. Almunajem Sons Co. supplies food products to Danube and BDSS on the basis of an agreement including: (1) one-year lease contract for the lease of spaces within the Stores in order to display Abdullah A. Almunajem Sons Co.'s products. The contract was concluded for the year 2019G, and is currently in the process of being renewed by the Company, and (2) contracts for the purpose of displaying products in the Company's Stores during a specific time period ranging from one day to one month in consideration of a fixed amount.

12.6.2.7 Supply Agreement with Multi Brands Co.

The supply of products by Multi Brands Co. to BDSS is based on a contract for displaying products within the Company's Stores, for a period of one year starting from 1 January 2019G to 31 December 2019G, in consideration for gradual rebates that are deducted from the supplier based on the volume of sales. The Company is in the process of renewing this contract.

Please refer to Section 2.1.2 ("**the Company's Reliance on Certain Key Suppliers**") for more information on the risk factors relating to business relationships with key suppliers not subject to formal supply contracts.

12.6.3 Store Leases

Set out below are summaries of the key terms for leases entered into by Danube and BDSS in respect of the Stores they operate and the locations for new Stores under development. The lease value of the Stores (based on leases amounts payable) amounted to SAR 255,669,223, SAR 276,475,068, and SAR 281,340,925 for fiscal years 2017G, 2018G, and 2019G respectively. The Company does not intend to disclose the value of these Stores' leases (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Table (12-34): Store Lease Agreements entered by Danube for Stores it operates

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1	Madinah (Jeddah)	Area of 8,055 sqm	National Leader For Real Estate CO. LTD	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
2	Khalidiya (Jeddah)***	Area of 4,612 sqm	Salem bin Humood bin AbdulSatar AlGhamdi	15 Hijri years starting on 01/09/1426H. The first 5 years of the term shall be mandatory on both parties.	Renewal by mutual agreement	Assignment is only permitted with the prior approval of the Landlord.
3	Tahlia-1 (Jeddah)	Area of 5,490 sqm	Advanced Aqar Company	12 Gregorian years starting from 02/10/2010G and expiring on 01/10/2022G	Renewal by mutual agreement	No assignment or sublease provisions.
4	Nahda, (Jeddah)	11,341.5 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian Years starting on: 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
5	Arbaeen (Jeddah)	Area of 9,071.4 sqm	His Royal Highness Prince Satam bin Saud bin Abdulaziz	10 Gregorian years starting from 27/09/2014G and expiring on 26/09/2024G	Renewal by mutual agreement	Assignment is only permitted with the prior written approval of the Landlord.
6	Serafi-1 (Jeddah)	Area of 9,415 sqm	Saleh Serafi commercial center owned by Mohammed Saleh Hamza Serafi.	15 years staring from 1/5/2012G	Renewal by mutual agreement	Assignment is only permitted with the prior written approval of the Landlord. Sublease is permitted without the consent of the landlord.
7	Hayat Mall (Riyadh)	Area of 19,510 sqm	Hayat Real Estate Company	15 Gregorian years starting from 08/12/2006G and expiring on 07/12/2021G.	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
8	Red Sea (Jeddah)	Area of 15,811.7 sqm	Red Sea Shopping Center Company (Red Sea Mall)	15 Hijri years starting from 19/09/2007G	Automatic renewal	Assignment is only permitted with the prior approval of the Landlord. Sublease is only permitted for up to 20% of the area of the leased premises to entities with the same activities as a supermarket.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
9	Panorama (Riyadh)	Area of 11,850 sqm	Jarir Investments Trading Company	15 Gregorian years starting from 01/11/2009G.	Automatic renewal	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
10	Central Park Al Salam 1 (Jeddah)	Area of 15,981 sqm.	Inmaia Real Estate Tourism Investment and Development Co.	15 Hijri years starting from 14/02/1431H and expiring on 13/02/1446H	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the prior approval of the Landlord.
11	Binjuma Center 1 (Khobar)	Area of 10,400 sqm	Mansour bin Jumah& Sons Holding Co.	15 Gregorian Years Starting after 18 Months from 01/10/2011G (handover date).	Automatic renewal	Assignment: only with Landlord's written consent Sublease: only with Landlord's written consent and for only 20% of the total area of the leased premises.
12	Hitten (Riyadh)	Area of 4,326 sqm	Unified Real Estate Development Company	20 Gregorian years starting from 08/07/2013G	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
13	Al Kharj (AlKharj)	Area of 4,827.4 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 6 months starting from 15/07/2013G (handover date)	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
14	Faisalia (Dammam)	Area of 3,477 square meters	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 6 months starting from 01/09/2013G (handover date)	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
15	Nakhla (Riyadh)	Area of 18,662 sqm.	National Creativity Investment Company	20 Hijri years starting on 8/3/1436H and expiring on 7/3/1456H	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the written approval of the Landlord
16	Al Yasmin (Riyadh)*	Area of 3,203 sqm	Unified Real Estate Development Company	19 Hijri years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 6 months starting from 05/08/2013G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
17	Al Telal (Riyadh)	Area of 3,110 sqm	Alandalus Real Estate Company	18 years, 8 months and 10 days starting from 01/07/2014G and expiring on 10/03/2033G	Renewal by mutual agreement	Tenant may only sublease part of the leased premises if the same activities will be carried out without reverting to the Landlord, however, the Tenant may not assign or sublease the whole leased premises without the consent of the Landlord.
18	Bin Jelala 1 (Khamis Mushait)	Area of 5,519 sqm	Ahmed Ali Ahmed Al Jalalah	15 Hijri years starting from 15/08/1436H and ending on 15/08/1451H	Renewal by mutual agreement	Tenant may only sublease a total area of 25% of the leased premises.
19	Al Wadi (Riyadh)*	Area of 6,962.6 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from the date of handover.	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
20	Jizan Downtown 24 (Jizan)	Area of 8,978 sqm	Baha Aldin Salem Babqi	18 Gregorian years starting from 16/04/2015G	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
21	Salmaniah (Al Ahsa)	Area of 8,205,78 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 01/10/2015G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
22	Al Salaam 2 (Al Ahsa)	Area of 5,457.3 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 01/10/2015G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
23	Abha Gawhara (Abha)	Area of 10,000 sqm	Sulaiman Mohammed Abumalha	15 Gregorian years starting after the end of the grace period which is 9 months starting from the date of handover dated 20/04/2015G.	Renewal by mutual agreement	No assignment and / or sublease provisions.
24	Al Yarmouk (Riyadh)	Area of 5,737.1 sqm	United Real Estate Development Company	20 Gregorian years starting from the grace period which is 9 months starting from 07/12/2015G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
25	Al Mazruiah (Dammam)*	Area of 3,197.7 sqm	Inma Alliance Co. Ltd.	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 14/12/2015G (date of handover)	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
26	Al Aqeeq (Riyadh)*	Area of 3,460,50 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 14/12/2015G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
27	Al Rakah (Khobar)	Area of 9,102 sqm	INMA Alliance Company Ltd.	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 06/12/2015G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
28	Al Waha (Riyadh)*	Area of 5,682 sqm.	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 13/10/2015G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
29	Al Mousa (Al Ahsa)	Area of 3,860 sqm.	Hesa Abdullah Abdulatif Bodey and represented by Abdulaziz Mohammed Al Mosa	20 Gregorian years starting on 15/07/2017G)	Automatic renewal	Assignment or sublease is only permitted with the written approval of the Landlord.
30	Al Badiya Plaza (Riyadh)*	Area of 5,701 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 12/06/2016G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
31	Al Buhairah (Dammam)	Area of 6,170.2 sqm	Unified Real Estate Development	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 12/06/2016G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
32	Azizia-2 (Khobar)*	Area of approximately 5,680.6 sqm	Unified Real Estate Development	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 25/01/2016G (date of handover).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
33	Al Ghadeer (Riyadh)	Area of 5,943.3 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 14/08/2016G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
34	Al Shaatee (Dammam)	Area of 3,364.6 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 15/08/2016G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
35	(Green Oaisis) (Riyadh)	Area of 5,342 sqm	Alargan Homes Company	25 Gregorian years starting from the date of handover of the leased property being 28/02/2016G.	Automatic renewal	Assignment and / or sublease is only permitted with the consent of the landlord.
36	Al Rawabi (Riyadh)	Area of 5,796.8 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 23/10/2016G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
37	Al Magharazat (Riyadh)	Area of 5,245.2 sqm	Unified Real Estate Development Company	24 Gregorian years starting from the end of the grace period. The grace period is 9 months starting from 05/03/2017G (handover date).	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
38	Suhool (Jubail)	Area of 4,477 sqm	Alargan Homes Company	25 Gregorian years Starting from the day of handover of the leased property being 02/01/2017G.	Automatic renewal	Assignment and / or sublease is only permitted with the landlord's consent. Tenant permitted to sublease 20% of the leased property total to: 1- ATMs 2- E-shop 3- paper shops.
39	Ravala Plaza (Abha)	Area of 3,250 sqm	Ravala Company Ltd.	14 Gregorian starting after the grace period of 1 year from the 01/01/2017G (handover date).	Automatic renewal	Sublease is permitted under the lease.
40	Tahlia-2 (Jeddah)	Area of 23,799 sqm.	AlSamh Trading Company	15 Hijri years starting from 07/04/1439H and expiring on 06/04/1454H (as amended in accordance with the annex).	Automatic renewal	The Tenant may only sublease part (and not the whole) of the leased premises to a third party without the approval of the Landlord.
41	Unaizah (Unaizah)	Area of 4,248,30 sqm	Unified Real Estate Development Company	20 Gregorian years starting from the end of the grace period or opening of the supermarket (whichever is earlier). The grace period is 9 months starting from 17/04/2017G (handover date)	Renewal by mutual agreement	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
42	Tera Mall (Taif)****	Area of 7,000 sqm	Edara for Development and Progress	20 Gregorian years Starting from one year after the handover date of 30/01/2018G.	Renewal by mutual agreement	Tenant is permitted to sublease the leased premises to third parties.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
43	Al Mazaar Takhasusi (Riyadh)	Areas of 6,070 sqm	Abdulaziz Fahad Alyahi	19 Gregorian years and 8 months starting from the end of the grace period The grace period is 1 year starting from the handover date.	Automatic renewal.	Tenant is permitted to sublease.
44	Hail (Hail)	Area of 4,738.6 sqm	Alliance Development Company Limited	20 Gregorian years starting from the end of the grace period. The grace period is 9 months starting from 11/02/2018G (date of handover based on the handover minutes dated 17/09/2019G).	Renewal by mutual agreement.	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
45	Bin Jelala 4 (Khamis Mushait)**	Area of 3,026.51 sqm	Ahmad Bin Ali Bin Ahmed Al Jalalah	20 Hijri years starting after the expiry of the grace period which shall start on the handover date.	Automatic renewal.	The Tenant may sublease 25 % of the total area of the leased premises.
46	Alandalus (Riyadh)	4,357 sqm	Abdulaziz Fahad Alyahia	20 Gregorian years starting one year after the handover date of 03/02/2018G	Automatic renewal.	The Tenant is permitted to sublease.

Source: Company information.

** Date of handover is evidenced by copy of rent receipt rather than formal handover minute*

*** There are no copies of handover minutes or rent receipts available to evidence the date of handover*

**** The Company is taking the necessary steps to renew this contract*

***** This lease is based on a 2.5% sales percentage. This branch was opened on 3 Apri 2019G and the rental price paid for this contract amounted to SAR 1,842,741 in FY2019G.*

Table (12-35): Store Lease Agreements entered by Danube for Stores under development

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1	Awali Plaza (Makkah)*	Area of 6,218.8 sqm.	Sheikh Mohammed Bin Saeed Bin Abdullah Al Saeed	20 Gregorian years starting on 15/2/2021G and expiring on 14/02/2041G	Renewal by mutual agreement.	Tenant may sublease only 25% the leased premises unless it subleased to a subsidiary.
2	Fifa Mall	Area of 2,504 sqm	Amwaj Real Estate Company Ltd.	15 Gregorian years starting from the handover date	Automatic renewal unless either party gives notice of their intention not renew at least 6 months prior to expiry.	Assignment and / or sublease is only permitted with the written approval of the Landlord.
3	Tilal AlNaseem (Makkah)**	3,081.21 sqm	Sulaiman bin Abdulaziz Al-Rajhi Real Estate Investments Company	15 Gregorian years starting on 15/06/2021G and expiring on 14/06/2036G	Renewal by mutual agreement.	Tenant may sublease only 25% the leased premises unless it subleases to a subsidiary.

Source: Company information.

** This lease is based on a 2.5% sales percentage. As at the date of this Prospectus, this store is still under construction and the Company has not paid any rental amounts.*

*** This lease is based on a 2.0% percentage of sales. As of the date of this Prospectus, this store is still under construction and the company has not paid any rental amounts.*

Table (12-36): Store Lease Agreements entered by BDSS for Stores which it operates

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1	Shisha (Makkah)	Area of 7,294 sqm.	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
2	Zahir (Makkah)	Area of 1400 sqm	AlShuhada District Stores represented by Salah Aldeen Abdul Ghafoor	One year starting on 1/8/1421H and expiring on 30/7/1422H	Automatic renewal.	Not mentioned in the lease.
3	Hamra (Jeddah)	Area of 8,600 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
4	Shola (Jeddah)	Not specified	Management of Al Shoula Commercial Center	10 Hijri years starting from 1/1/1435H to 30/12/1445H. (first year is rent free)	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
5	Azizia BinDawood (Makkah)	Not specified.	Amwaj Real Estate Company Ltd.	6 Gregorian years starting from 01/01/2019G and expiring on 31/12/2025G.	Automatic renewal.	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
6	Haram (Makkah)	Area of 1,058 sqm	Makkah Construction and Development Company	1 Hijri year starting from 01/08/1440H and expiring on 30/07/1441H.	Automatic renewal.	Assignment and / or sublease only permitted with the prior written approval of the Landlord.
7	Sittin (Jeddah)	Area of 7,500 sqm.	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord.
8	Rabwa (Jeddah)	Area of 4,620 sqm	Saleh Bin Ahmed Huwais AlGhamdi	10 Hijri years starting on 01/01/1437H and expiring on 30/12/1446H.	Renewal by mutual agreement.	Tenant may sublease to third parties.
9	Awali (Makkah)	Area of 5,000 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord.
10	Taiba (Medina)	Not specified	AlAqeeq Real Estate Development Company	5 Hijri years starting from 20/07/1440H and expiring on 19/07/1445H.	Automatic renewal.	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.
11	Anwar-Movenpick (Madinah)	Area of 2,700 sqm	Edara Management and Operation of Hotels Company (Anwar Madinah Movenpick Hotel)	6 Hijri years starting from 01/02/1440H (and expiring on 30/12/1445H	Renewal by mutual agreement.	Tenant shall not assign the lease to any other party unless it is an assignment to any of its subsidiaries.
12	Zahra (Madina)	Not specified	Taleb Muslim Dhaher AlSinani	8 years and 4 months starting from 01/07/1436H and expiring on 30/10/1444H	Automatic renewal.	Tenant may sublease during the term of the lease.
13	Hijra (Madina)*	Area of 12,813.9 sqm.	Ibrahim Bin Abdulaziz bin Sulaiman AlTareeqi	15 years from 04/01/2006G (date of handover)	Renewal by mutual agreement	No assignment or sublease provisions included.
14	Rusaifa Branch (Makkah)	Area of 9,053.2 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
15	Abraj Al Bait 1 Makkah	Area of 1,365 sqm	Real Estate Project Management Development Company	3 Hijri years starting on 25/12/1438H and expiring on 24/12/1441H	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the written approval of the Landlord
		Area of 1,002 sqm	Real Estate Project Management Development Company	3 Hijri years starting on 25/12/1438H and expiring on 24/12/1441H	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the written approval of the Landlord
		Area of 18 sqm	Real Estate Project Management Development Company	3 Hijri years starting on 25/12/1438H and expiring on 24/12/1441H	Renewal by mutual agreement	Assignment and / or sublease is only permitted with the written approval of the Landlord
16	Rotana (Madinah)	Area of 45,386 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord
17	Kakia (Makkah)	Not specified	Mohammed Bin Rashid Bin Dayel Establishment	15 years starting from 01/01/1438H and expiring on 29/12/1452H	Renewal by mutual agreement.	No assignment and / or sublease provisions.
18	Heraa (Jeddah)***	Not specified	Amwaj Real Estate Company Ltd.	4 Gregorian years and six months starting from 01/07/2020G and expiring on 31/12/2024G.	Automatic renewal.	Assignment and/ or sublease is only permitted with the written approval of the Landlord.
19	Aya Mall (Jeddah)	Area 8,466 sqm.	Watani Trading Co. Ltd.	10 Gregorian years starting after three months from the signing date of the lease agreement (16/1/2011G)	Renewal by mutual agreement.	Tenant may sublease only 10% the leased premises. Assignment is only permitted with the prior written approval of the Landlord.
20	Jabal Omar Branch	Area of 4,054.9 sqm	Jabal Omar Development Company	5 Hijri years starting 01/08/1437H and expiring on 30/07/1442H	Renewal by mutual agreement.	Assignment and / or sublease is only permitted with the written approval of the Landlord
21	Jamaat Branch (Madina)	Area of 8,825 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the written approval of the Landlord

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
22	Bin Jelala 2 (Khamis Mushait)**	Not specified.	AlAasama Trading Company Ltd.	14 Hijri years and 7 Hijri months starting from the end of the grace period. The grace period is 9 months starting from the date of handover of the premises to the Tenant and may be extended by 3 additional months in the event the necessary fit-out works are not completed.	Renewal by mutual agreement.	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
23	Taif Valley Center (Taif)	Not specified.	Edara for Development & Progress Co.	20 Gregorian years starting after the grace period. The grace period shall be for 9 months and shall start on the handover date 13/08/2015G.	Renewal by mutual agreement.	Tenant may sublease to sister companies or subsidiaries with the same activities as those being carried out in the leased premises (the supermarket)
24	Bin Jelala 3 (Khamis Mushait)	Area of 3,530 sqm,	Abdul Wahab Ali Jalalah	14 Gregorian years starting from the end of the grace period. The grace period is 9 months starting from 18/06/2016G (handover date)	Renewal by mutual agreement.	Tenant may only sublease 25% of the leased premises (products being sold by the sub-tenant should be those normally sold in supermarkets).
25	Al Falah (Jeddah)	Area of 7,450.14 sqm	Amwaj Real Estate Company Ltd.	5 Gregorian years starting from 01/01/2019G and expiring on 31/12/2024G.	Automatic renewal unless either party gives notice of their intention not renew at least 6 months prior to expiry.	Assignment and / or sublease is only permitted with the written approval of the Landlord
26	Al Shoqiyah (Makkah)	Area of 2,480.1 sqm	Amwaj Real Estate Company Ltd.	9 Gregorian years and 4 months from 01/01/2019G and expiring on 30/04/2028G	Automatic renewal unless either party gives notice of their intention not renew at least 6 months prior to expiry.	Assignment and / or sublease is only permitted with the written approval of the Landlord

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
27	Bin Jumma-2 (Taif)	Area of 7,580 sqm	Mansour Bin Jumah & Sons Holding Company	20 Gregorian years starting 04/06/2019G and expiring on 03/06/2039G	Automatically renewable unless either party informs other of its intention not to renew at least 2 years prior to the expiry of the term of the lease.	No assignment or sublease by the Tenant to any third party is permitted without the written consent of the Landlord

** Date of handover is evidenced by copy of rent receipt rather than formal handover minutes.*

*** There are no copies of handover minutes or rent receipts available to evidence the date of handover.*

**** The Company previously leased this property from a third party. Recently, a Related Party purchased this property, which resulted in the lease agreement becoming a Related Party Transaction. The aforementioned lease agreement is on an arm's length basis, as the commercial provisions remained unchanged. This lease agreement was also concluded in compliance with the existing Related Party lease contract template prepared by the Company's Legal Advisor. It will be approved at the Company's next General Assembly.*

Source: Company information.

Table (12-37): Store Lease Agreements entered by Danube Star for Stores which it operates

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1	Central Bakery	Area of 2,732 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment and / or sublease is only permitted with the prior written approval of the Landlord.

Source: Company information.

12.6.4 Store Sub-leases

Set out below are summaries of the key terms for sub-leases entered into by the Company in respect of certain Stores. The sub-lease value of the Stores (based on sub-lease amounts receivable) amounted to SAR 1,021,383, SAR 1,478,258, and SAR 1,416,600 for fiscal years 2017G, 2018G, and 2019G respectively. The Company does not intend to disclose the value of these Stores' sub-leases (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Table (12-38): Sub-lease Agreements entered by Danube

No	Branch Name and Location	Area (square meters)	Tenant	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Top Toys - Tahlia 2 (Jumeirah Est.)	Area of 182 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord

No	Branch Name and Location	Area (square meters)	Tenant	Term including start and expiry	Renewal	Assignment and / or Sublease
2.	Top Toys (Hayat Mall)	Area of 168 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord
3.	Top Toys (Red Sea)	Area of 321 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
4.	Top Toys (Abha)	Area of 180 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord
5.	Jumairah Toys (Head Office)	Area of 195.70 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord
6.	Jumairah Delsey (Head Office)	Area of 489.3 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Delsey division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord

Source: Company information.

Table (12-39): Sub-lease Agreements entered by BDSS

No	Branch Name and Location	Area (square meters)	Tenant	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Jumairah Delsey Marketing (Warehouse Aya Mall)	Area of 1,000 sqm	Jumairah Marketing owned by Abdulkhaliq BinDawood (Delsey division)	1 Gregorian year starting from 01/01/2019G and ending on 31/12/2019G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord

Source: Company information.

12.6.5 Accommodation Leases

Set out below are the key terms of the leases for the various accommodation facilities leased by the Company to accommodate employees working within the Stores. The value of accommodation leases amounted to SAR 19,886,136, SAR 21,090,934, and SAR 19,855,352 for fiscal years 2017G, 2018G, and 2019G respectively. The Company does not intend to disclose the value of these accommodation leases (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Table (12-40): Accommodation Lease Agreements entered by Danube

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Khobar Accommodation*	Area of 716.3 sqm	Thuraya Bint Mohammed Bin Hindi AlZahrani	1 Gregorian year starting from 01/06/2019G and expiring on 31/05/2020G	Renewal by mutual agreement	Tenant may sublease or assign the leased premises or part of it to a third party without obtaining the prior written approval of the Landlord.
2.	Faraj Accommodation	Area of 610 sqm	Feras Abdullah AlKhalaf	3 Gregorian years Starting on 1/5/2018G and expiring on 1/5/2021G	Renewal by mutual agreement	Tenant may only sublease and may not assign without the written consent of the Landlord
3.	Khamis Accommodation 1	Area of 415 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian year Starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal	The tenant may not assign or sublease the property to a third party without the consent of the landlord
4.	Khamis Accommodation 3	Area of 900 sqm	Amwaj Real Estate Company Ltd.	9 Gregorian years starting from 01/01/2019G and ending on 31/12/2027G	Automatic renewal	The tenant may not assign or sublease the property to a third without the consent of the landlord.
5.	Arbaeen Accommodation	Area of 800 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
6.	Qamriah Taif Accommodation	Area of 1,200 sqm	Nasser Aweth Abdullah Al Osemei	5 Gregorian years starting on 15/3/2019G and expiring on 14/3/2024G	Renewal by mutual agreement	The Tenant may not assign or sublease to third parties without the approval of the Landlord unless it is a sublease or assignment to one of its subsidiaries or affiliates in which case the Landlord's approval is not required.
7.	Unaizah Accommodation	Area of 610 sqm	Feras Abdullah AlKhalf	3 Gregorian years Starting on 1/3/2018G and expiring on 1/3/2021G	Renewal by mutual agreement	The Tenant may sublease to third parties but may not assign without the prior written consent of the Landlord.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
8.	AlAhsa Accommodation	Area of 2,012.6 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian year Starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal	The tenant may not assign or sublease the property to a third party without the consent of the landlord
9.	Jazan Accommodation	Area of 1,400 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	The tenant may not assign or sublease the property to a third party without the consent of the landlord
10.	Jubail Accommodation*	Area of 350 sqm	Mohammed Abdulla Alyaish	One Gregorian year starting from 01/06/2019G and ending on 31/05/2020G	Renewal by mutual agreement	Assignment and Sublease: permitted to subsidiaries without consent of the Landlord
11.	AlKharj Accommodation 1	Area of 675 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and expiring on 31/12/2025G.	Automatic renewal	Tenant may not sublease or assign the leased premises or any part thereof without the prior written approval of the Landlord.
12.	AlKharj Accommodation 2	Area of 675 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and expiring on 31/12/2025G.	Automatic renewal	Tenant may not sublease or assign the leased premises or any part thereof without the prior written approval of the Landlord.
13.	Dammam Accommodation*	Area of 2,791 sqm	Mohammed Jaman AlGhamdi	One Gregorian year starting from 01/04/2019G and ending on 31/03/2020G	Renewal by mutual agreement	The Tenant may sublease or assign the property or parts of to third parties
14.	Riyadh 1	Area of 1,493.5 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal	The Tenant may not sublease or assign the property without the prior consent of the Landlord
15.	Riyadh 2	Area of 1,493.9 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal	The Tenant may not sublease or assign the property without the prior consent of the Landlord
16.	Riyadh 3	Area of 1,125 sqm	Amwaj Real Estate Company Ltd.	7 Gregorian years starting from 01/01/2019G and expiring on 31/12/2025G.	Automatic renewal	Tenant may not sublease or assign the leased premises or any part thereof without the prior written approval of the Landlord.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
17.	Riyadh 4	Area of 625 sqm	Mohammed Bin Abdulaziz Ali AlSultan	5 Gregorian years starting on 01/07/2017G and expiring on 30/06/2022G	Renewal by mutual agreement	Tenant may assign or sublease the leased premises to a third party without obtaining the prior written approval of the Landlord.
18.	Riyadh 5	Area of 2,100 sqm	Saleh Mohammed Alotaibi	5 Gregorian years starting from 01/06/2017G and ending on 31/05/2022G	Renewal by mutual agreement	The Tenant may sublease or assign the property or parts of the property to third parties
19.	Riyadh 6	Area of 900 sqm	Abdulrahman Saleh Bin Hussein	1 Gregorian year starting from 01/09/2019G and ending on 31/08/2020G	Renewal by mutual agreement	The Tenant may sublease or assign the property or parts of the property to sister companies and companies within the same group
20.	Nakhla Accommodation	Not specified	Hayat Real Estate Investment Company	7 Gregorian months starting on 31/01/2020G and expiring on 01/08/2020G.	Renewal by mutual agreement	Assignment and / or sublease only permitted with Landlord's written consent.
21.	Haram Accommodation	Area of 360 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal.	Assignment and / or sublease only permitted with Landlord's written consent.
22.	Abraj Al Bait Accommodation	Area of 306 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal.	Assignment and / or sublease only permitted with Landlord's written consent.
23.	Hamra Accommodation	Area of 490.5 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting from 01/01/2019G and ending on 31/12/2025G	Automatic renewal.	Assignment and / or sublease only permitted with Landlord's written consent.
24.	Arbaeen / Rihab Accommodation	Area of 870 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord
25.	Mersal Villa Accommodation	Area of 13,318 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the landlord

** The Company is taking the necessary steps to renew this contract.*

Table (12-41): Accommodation Lease Agreements entered by BDSS

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Sittin Accommodation	Area of 870 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G.	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
2.	Khamis Accommodation 2	Area of 900 sqm	Amwaj Real Estate Company Ltd.	9 Gregorian year Starting from 01/01/2019G and ending on 31/12/2027G	Automatic renewal	The tenant may not assign or sublease the property to a third party without the consent of the landlord
3.	Rabwa Accommodation - BinDawood***	Not specified	Ali Bin Omar Bin Yahia Mawla AlDuwaila	1 Hijri year starting from 01/01/1441H to 30/12/1441H	Renewal by mutual written agreement	No leasing to a third party, unless necessary
4.	Rotana Accommodation - BinDawood	Not specified	Abdullah Ayed Mutairan Alamri	3 Hijri years starting from 01/01/1440H (corresponding to 11/09/2018G) to 30/12/1442H (corresponding to 09/08/2021G)	Automatic renewal.	No assignment and / or sublease provisions.
5.	Zahir Accommodation	Not specified	Fahad Mohammad Naem Alkuhaili	One Gregorian year starting from 01/06/2018G to 31/05/2019G.	Automatic renewal.	No assignment and / or sublease provisions in the lease.
6.	Rusaifa 1***	Not specified	Musa Jamil Mohamed AlZain	1 Hijri year starting from 20/11/1440H to 19/11/1441H	Renewal by mutual agreement	The Tenant may assign or sublease to any of the Company's Subsidiaries without prior consent of the Landlord.
7.	Bin Jumma-2*	Not specified	Khaled Khalaf Bin Suwaileh Aljuaid	One Gregorian year starting from 01/05/2019G to 30/04/2020G	Renewal by mutual agreement	The Tenant may assign or sublease to any of the Company's Subsidiaries without prior consent of the Landlord.

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
8.	Kakia	Not specified	The heirs of Hassan Mohammed Omer Al Barqi, represented by Mohamed Hassan Al Barqi	Starting 15/04/1441H Expiring: 14/04/1442H.	Renewal by mutual agreement	No assignment and / or sublease provisions in the lease.
9.	Naim Accommodation	Area of 2,501.8 sqm	Amwaj Real Estate Company Ltd.	9 Gregorian year Starting from 01/01/2019G and ending on 31/12/2027G	Automatic renewal	The tenant may not assign or sublease the property to a third party without the consent of the landlord
10.	Arbaeen / Rihab Accommodation	Area of 870 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
11.	Madina Accommodation	Area of 8,943.5 sqm	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
12.	Azizia Accommodation	Area of 1,118.8 sqm	National Leader For Real Estate Co. Ltd	6 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.

** The Company is taking the necessary steps to renew this contract*

Source: Company Information

12.6.6 Warehouse Leases

Set out below are the terms of the leases for the two warehouse owned by the Company. The value of warehouse leases amounted to SAR 6,672,916, SAR 6,494,903, and SAR 6,612,501 for the financials years 2017G, 2018G, and 2019G respectively. The Company does not intend to disclose the value of these warehouse leases (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Table (12-42): Warehouse Lease Agreements entered by Danube

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Bahara Warehouse Danube	Area of 30,628 sqm.	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.
2.	Riyadh Warehouse	Area 14,880 sqm.	Amwaj Real Estate Company Ltd.	16 Gregorian years starting on 01/01/2020G and expiring on 31/12/2035G	Automatic renewal	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord

Source: Company Information

Table (12-43): Warehouse Lease Agreements entered by BDSS

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Bahara (Warehouse)	Area of 74.4 sqm.	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.

**Two separate contracts were signed for Danube Company and BinDawood Superstores Company with Al-Riyada National Real Estate Company Limited for different areas of the same warehouse*

Source: Company information.

12.6.7 Head Office Leases

Set out below are summaries of the key terms for head office leases entered into by the Company. The lease value of these head offices amounted to SAR 3,400,000, SAR 3,400,000, and SAR 3,400,000 for the financials years 2017G, 2018G, and 2019G respectively. The Company does not intend to disclose the value of these head office leases (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Table (12-44): Head Office Lease Agreement entered by Danube

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Head Office - Danube	8,054 sqm Head office in Jeddah	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.

Source: Company information.

Table (12-45): Head Office Lease Agreement entered by BDSS

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1	Bin Dawood Head Office	8,054 sqm Head office in Jeddah	National Leader For Real Estate Co. Ltd	7 Gregorian years starting on 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Tenant may not assign or sublease the leased premises or any part thereof without the prior written approval of the Landlord.

Source: Company information.

12.6.8 Ancillary Lease Agreements

Table (12-46): Ancillary Lease Agreements entered by Danube

No	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Assignment and / or Sublease
1.	Khalidiyah Parking Lot (Jeddah)	Area of 6,003 sqm	Amwaj Real Estate Company Ltd	7 Gregorian Years starting on: 01/01/2019G and expiring on 31/12/2025G	Automatic renewal.	Assignment: Only with Landlord's consent Sublease: Only with Landlord's consent
2.	Kipling Shop*	Area of 96 sqm	Mohammed Salem Hamood Al Khadran. Al Hussain Mohammed Al Sama	Three hijri years Starting: 1/6/1438H Ends: 30/5/1441H	Renewal by mutual agreement.	Assignment: Only with Landlord's consent Sublease: Only with Landlord's consent

** The Company is taking the necessary steps to renew this contract.*

Source: Company information.

12.7 Transactions and Contracts with Related Parties

The Directors confirm none of the agreements with Related Parties described under this section contain preferential conditions, and have been concluded in accordance with laws and regulations on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party including the Financial Advisors and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Article 71 and 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued in relation to contracts with the Related Parties. The General Assembly has approved all dealings and contracts with related parties for 2017G, 2018G and 2019G.

The total value of the transactions with Related Parties amounted to SAR 176.9 million, SAR 213.6 million and SAR 182.9 million for the years 2017G, 2018G and 2019G, respectively (computed by adding transaction amounts pertaining to purchase of goods, rent charged by Related Parties (disclosed as lease payments (principal and interest) in 2019G), rent charged to Related Parties, expenses charged by Related Parties, goods transferred to Related Parties and key management compensation). Out of these transactions for each of the years 2017G, 2018G and 2019G respectively, purchases of goods from Related Parties represented 1.8%, 2.7% and 1.9% of total gross purchases made. Furthermore, rent charged by Related Parties represented 21.1% and 21.6% of the total rent expenses for the financial years ended 2017G and 2018G, respectively. For 2019G, lease payments to Related Parties (principal and interest) represented 22.5% of the total payments against lease liabilities. Rent charged to Related Parties for each of the years 2017G, 2018G and 2019G respectively, represented 7.9%, 11.4% and 12.4% of total other operating income. Apart from these transactions, goods have been transferred to affiliates which were limited and immaterial as they represented 0.04%, 0.01%, and 0.05% of sales revenue for each of the three years ending 2017G, 2018G and 2019G respectively. For more details, please refer to Section 6 ("**Management's Discussion and Analysis of the Company's Financial Position and Results of Operations**").The Company does not intend to disclose the value of these transactions with Related Parties (on a contract by contract basis) in this Prospectus, due to their commercially sensitive nature.

Partners' remuneration and Board of directors' remuneration has been further elaborated upon in Section 20 ("**Consolidated Financial Statements and Auditors' Reports**") and Section 6 ("**Management's Discussion and Analysis of the Company's Financial Position and Results of Operations**") of this Prospectus. With respect to management personnel salaries and other benefits, including end of service benefits (disclosed as Remuneration in 2018G financial statements), these were attributable to 1.7%, 2.6% and 3.0% of employee costs for each of the years 2017G, 2018G and 2019G respectively.

12.7.1 Related Party Leases

The Company has entered into 42 leases with Related Parties out of 128 leases in total. The value of Related Party Leases (based on the amounts payable under related party leases) amounted to SAR 64.7 million, SAR 67.1 million, and SAR 68.9 million for the financial years 2017G, 2018G, and 2019G respectively. These leases are as follows:

- 1 lease agreement entered into by Danube with National Leader For Real Estate Co. Ltd for a Store which Danube operates (please refer to **Table 12-34: Store Lease Agreements entered by Danube for Stores it operates**);
- 1 lease agreement entered into by Danube with Amwaj Real Estate Company Ltd. for a Store which Danube operates (please refer to **Table 12-34: Store Lease Agreements entered by Danube for Stores it operates**);
- 1 lease agreement entered into by Danube Star with National Leaser for Real Estate Co. Ltd for a production facility which Danube Star operates (please refer to **Table 12-37: Store Lease Agreements entered by Danube Star for Stores it operates**);
- 7 lease agreements entered into by BDSS with National Leader For Real Estate Co. Ltd for Stores which it operates (please refer to **Table 12-36: Store Lease Agreements entered by BDSS for Stores it operates**);
- 4 lease agreements entered into by BDSS with Amwaj Real Estate Company Ltd. for Stores which it operates (please refer to **Table 12-36: Store Lease Agreements entered by BDSS for Stores it operates**);
- 1 lease agreement entered into by Danube with Amwaj Real Estate Company Ltd. for Stores under development (please refer to **Table 12-35: Store Lease Agreements entered by Danube for Stores under development**);
- 6 lease agreements entered into by Danube with National Leader For Real Estate Co. Ltd for accommodation (please refer to **Table 12-40: Accommodation Lease Agreements entered by Danube**);
- 9 lease agreements entered into by Danube with Amwaj Real Estate Company Ltd. for accommodation (please refer to **Table 12-40: Accommodation Lease Agreements entered by Danube**);
- 4 lease agreements entered into by BDSS with National Leader For Real Estate Co. Ltd for accommodation (please refer to **Table 12-41: Accommodation Lease Agreements entered by BDSS**);
- 2 lease agreements entered into by BDSS with Amwaj Real Estate Company Ltd. for accommodation (please refer to **Table 12-41: Accommodation Lease Agreements entered by BDSS**);
- 1 lease agreement entered into by Danube with Amwaj Real Estate Company Ltd. for a parking lot (please refer to **Table 12-46: Ancillary Lease Agreements entered by Danube**);
- 1 lease agreement entered into by Danube with National Leader For Real Estate Co. Ltd for a warehouse which Danube operates (please refer to **Table 12-42: Warehouse Lease Agreements entered by Danube**);
- 1 lease agreement entered into by Danube with Amwaj Real Estate Company Ltd. for a warehouse which Danube operates (please refer to **Table 12-42: Warehouse Lease Agreements entered by Danube**);

- 1 lease agreement entered into by BDSS with National Leader For Real Estate Co. Ltd for a warehouse which BDSS operates (please refer to **Table 12-43: Warehouse Lease Agreements entered by BDSS**);
- 1 lease agreement entered into by Danube with National Leader For Real Estate Co. Ltd for Danube's head office (please refer to **Table 12-44: Head Office Lease Agreement entered by Danube**); and
- 1 lease agreement entered into by BDSS with National Leader For Real Estate Co. Ltd for BDSS's head office (please refer to **Table 12-45: Head Office Lease Agreement entered by BDSS**).

Both National Leader For Real Estate CO. LTD and Amwaj Real Estate Company Ltd. are Related Parties on the basis that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdul khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, has an indirect ownership interest in those companies.

The Company does not intend to disclose the value of these transactions with Related Parties (on a contract by contract basis) in this Prospectus, due to its commercially sensitive nature.

12.7.2 Related Party Sub-leases

The Company has entered into 7 sub-leases with Related Parties. The value of Related Party sub-leases (based on the amounts payable under related party sub-leases) amounted to SAR 1.0 million, SAR 1.5 million and SAR 1.4 million for the financial years 2017G, 2018G and 2019G respectively. These sub-leases are as follows:

- 5 Sub-lease agreements entered by Danube with Jumairah Marketing owned by Abdulkhaliq BinDawood (Toys division) (please refer to **Table 12-38: Sub-lease Agreements entered by Danube**)
- 1 Sub-lease agreement entered by Danube with Jumairah Marketing owned by Abdulkhaliq BinDawood (Delsey division) (please refer to **Table 12-38: Sub-lease Agreements entered by Danube**)
- 1 Sub-lease agreement entered by BDSS with Jumairah Marketing owned by Abdulkhaliq BinDawood (Delsey division) (please refer to **Table 12-39: Sub-lease Agreements entered by BDSS**)

The Company separately contracts with the 'Toys division' of Jumairah Marketing for Abdulkhaliq BinDawood which operates under the trading name of 'Top Toys' and the 'Delsey division' of Jumairah Marketing for Abdulkhaliq BinDawood which sells Delsey and Kipling branded luggage.

Jumairah Marketing for Abdulkhaliq BinDawood is a Related Party on the basis that it is a branch of Abdulkhaliq Dawood Ibrahim BinDawood Establishment and that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdul khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, has an indirect ownership interest in that establishment.

The Company does not intend to disclose the value of these transactions with Related Parties (on a contract by contract basis) in this Prospectus, due to its commercially sensitive nature.

12.7.3 Related Party Supply Agreements

The Company has entered into 13 supply contracts with Related Party suppliers, each of which uses the same form of agreements. The value of Related Party Supply Agreements amounted to SAR 73.2 million, SAR 103.4 million, SAR 79.0 million for the financial years 2017G, 2018G, and 2019G respectively. The key terms of the Company's supply contracts signed with Related Party Suppliers include the following:

- the products are supplied on the basis of purchase orders issued by the Company;
- the term of the supply contracts is generally of one year, subject to an automatic renewal;
- the supplier will offer the best prices and discounts for the products;
- the supplier must provide the Company with 30 days advance notice before any change to its wholesale prices, which the Company may choose to accept or it may terminate any dealings associated with the affected products;

- the supplier provides the customary representations and warranties as to the quality, title and lawfulness of the products under the supply contracts;
- on delivery of products by the supplier, the supplier is responsible for examining the products;
- the Company has the right to refuse any deliveries which are not in accordance with its order or are not fit for sale, and has the right to reject the prices provided by the supplier or request a price adjustment;
- the supplier indemnifies the Company for any third party claims related to IP infringement, defective products, and the supplier's breach or failure to perform under the contract;
- the Company may return to the suppliers damaged, expired or close to expiry products;
- the credit terms of the supply contracts are 60 days from the date the supplier issues a statement of account, taking into account any applicable rebates or discounts;
- the Company must achieve certain guaranteed gross margins – if the actual margin achieved is higher than the guaranteed gross margin then any excess will be paid to the supplier, but if the actual margin is lower then the supplier will adjust future invoices accordingly. The Company may request the supplier to conduct benchmarking of the guaranteed gross margins every 2 years and produce a report within 30 days. If the guaranteed gross margin for any product is 20% higher or lower than the benchmarked market rate, this will immediately become the new guaranteed gross margin. The Company may refer the benchmarking report for review by an independent third party.

Details of the supply contracts entered into with Related Parties are set out below:

Table (12-47): Summary of the main terms of the Related Party supply contracts.

Parties	Date of Agreement	Term	Product Categories
Jumairah Marketing Establishment owned by Abdulkhaliq BinDawood (Delsey division) And BDSS	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Delsey and Kipling branded luggage and travel accessories
Jumairah Marketing Establishment owned by Abdulkhaliq BinDawood (Delsey division) And Danube	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Delsey and Kipling branded luggage and travel accessories
Jumairah Marketing Establishment owned by Abdulkhaliq BinDawood (Toys division) And BDSS	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Toys

Parties	Date of Agreement	Term	Product Categories
Jumairah Marketing Establishment owned by Abdulkhaliq BinDawood (Toys division) And Danube	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Toys
Etre Trading Establishment and BDSS	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Household item and garments including men, women and kids wear
Etre Trading Establishment And Danube	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Household item and garments including men, women and kids wear
Jumairah Trading Establishment And BDSS	22 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Fruits and vegetables
Jumairah Trading Establishment And Danube	22 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Fruits and vegetables
Jumairah Trading Establishment And Danube Star	22 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Fruits and vegetables

Parties	Date of Agreement	Term	Product Categories
SAFA for Households Limited And BDSS	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Household products
SAFA for Households Limited And Danube	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	household products
Happy Time for Kids Toys Establishment And Danube	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Hasbro branded toys
Happy Time for Kids Toys Establishment And BDSS	18 December 2019G	Period of twelve (12) months. It shall be renewed automatically for a further period of twelve (12) months unless one of the Parties notifies the other of its desire not to renew at least two (2) months prior to the then current expiry date	Hasbro branded toys

Source: Company Information

Each of Happy Time for Kids Toys Establishment, Jumairah for Trade Establishment and Etre Trading Establishment is a Related Party on the basis that it is a branch of Abdulkhaliq Dawood Ibrahim BinDawood Establishment and that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdul khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, has an indirect ownership interest in those establishments.

SAFA for Households Limited is a Related Party on the basis that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdul khaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, has an indirect ownership interest in that company.

The Company does not intend to disclose the value of these transactions with Related Parties (on a contract by contract basis) in this Prospectus, due to its commercially sensitive nature.

The basis on which Jumairah Marketing for Abdulkhaliq BinDawood is a Related Party is set out in Section 12.7.1 ("**Related Party Leases**") above.

12.7.4 Services Agreements with International App

In 2019G, the Company and International App Company entered into a Memorandum of Understanding, whereby International App would develop and operate the applications of BDSS and Danube, with each of BDSS and Danube paying 5% of the sales generated from the online platforms to International App, on a monthly basis, in accordance with the Memorandum of Understanding. On 18 December 2019G, Danube and BDSS each entered into a services agreement with International Application Trading Company on the same terms (each a "**Services Agreement**"). International App is a Related Party on the basis that each of Abdulrazzag Dawood

Ibrahim BinDawood, Abdulkhaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, have an indirect ownership interest in International App. On 18 March 2020G, certain terms of each of the Services Agreement were amended. The principal changes made were in relation to the invoicing processes, the obligation for all sale proceeds resulting from sales made through the online application to be paid directly to Danube bank account(s).

Each Services Agreement is effective as of 1 January 2020G, and continues for a term of ten years, subject to any amendments required to the commercial terms being agreed every 2 years. At the end of the initial term, the parties may renew for two years at a time after expiry. Either party to the Services Agreement may terminate for material breach or insolvency of the other party, if they are unable to agree revisions to the commercial terms every 2 years (to the extent such revisions are required) and Danube and BinDawood may also terminate its Services Agreement if Amjad United (a shareholder in International App) cease to be under the control of Majed M. AlTahan.

International App has previously developed a website and mobile application for Danube and a mobile application for BinDawood to sell its products (the "**Online Platforms**"). Under the terms of the Services Agreement, International App provides various ancillary services in connection to the sale of products on the Online Platforms including pick-up and delivery of products, operating a customer call center with all related services, and order management, marketing and PR services, among others. International App has the exclusive license to promote and sell Danube and BinDawood products on the Online Platforms.

Each Services Agreement contains the customary warranties from International App on the quality of services, and an indemnity for any losses to Danube and BinDawood related to International App's performance of the services. International App must also give Danube and BinDawood a right of first refusal before selling the Online Platforms to any third party. Where International App is performing delivery services, it shall bear the risk for the product once it has picked up the product from the relevant store until it successfully delivers the product to the customer. International App's liability under each Agreement is unlimited.

International App Company receives monthly fees equal to 10.8% of sales of the Company's FMCG merchandise from the Danube and BinDawood online platforms. In addition, Danube and BinDawood may have to pay a certain percentage of advertising revenue, and app sales, depending on the level of sales.

Standard confidentiality clauses apply to any confidential information International App receives from Danube and BinDawood. International App will also process personal data of customers in providing the services, but such data will remain the proprietary information of Danube and BinDawood and International App does not have a right to sell such data to third parties. International App is also bound to only deal with such personal data as directed by Danube and BinDawood and in accordance with applicable data protection laws.

12.7.5 Shared Services Agreement

The Company was providing shared services to a number of Related Parties without imposing fees for these services, and these arrangements were not based on formal contracts. On 17 December 2019G, the Company entered into a shared services agreement (the "**Shared Services Agreement**") with BinDawood Trading Holding Company and Abdulkhaliq Dawood Ibrahim BinDawood Establishment, each of which is a Related Party on the basis that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdulkhaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, has an indirect interest in each entity.

The Shared Services Agreement sets out the terms and conditions pursuant to which the Company will provide information technology, administrative (including human resources and finance administration), insurance and projects support services to BinDawood Trading Holding Company and Abdulkhaliq Dawood Ibrahim BinDawood Establishment.

The aggregate services fees due to the Company under the Shared Services Agreement is an annual fee of SAR 2,000,000, subject to an increase of 2.0% on an annual basis to adjust for inflation and other cost increases of the Company.

The Shared Services Agreement is for an initial term of five Gregorian years. The initial term automatically renews one time for a period of five Gregorian years, unless any party thereto notifies the other parties thereto otherwise at least three months prior to the expiry of the initial term.

The Shared Services Agreement may be terminated by any party upon three months' notice.

As at the date of this Prospectus, the signed Shares Services Agreement is considered to be on arm's length terms.

12.7.6 Agreement to transfer Jumairah for Trade Establishment to Danube Star

On 18 December 2019G Danube Star and Abdulkhaliq Dawood BinDawood entered into an agreement for the transfer of a branch of Jumaira for Trade Establishment (which is a branch of Abdulkhaliq Dawood BinDawood Establishment, holding commercial registration number 4031059467, and carries out activities such as the wholesale of fruits, vegetables and dates, as well as retail sale of fresh and preserved fruits and vegetables) along with all of the related assets and liabilities without any consideration to Danube Star. Legal completion of the transfer occurred on 23 January 2020G, which was deemed to take economic effect from 1 January 2020G.

Abdulkhaliq Dawood Ibrahim BinDawood Establishment is a Related Party on the basis that each of Abdulrazzag Dawood Ibrahim BinDawood, Abdulkhaliq Dawood Ibrahim BinDawood and Khalid Dawood Ibrahim BinDawood, who are Directors, have an indirect ownership interest in this establishment.

12.8 Credit Facilities and Loans

All banks mentioned in this section have been informed of the Offering described hereunder, and accordingly the following was received:

1- The below letter from Bank AlJazira dated 17 December 2019G stating that Bank AlJazira has waived most of its rights and obligations under credit facilities and related loans, and an email from Bank AlJazira dated 22 May 2020G, which states that Bank AlJazira does not object to the Offering described hereunder.

2- The below letter from Banque Saudi Fransi dated 17 December 2019G, stating that Banque Saudi Fransi has waived most of its rights and obligations under credit facilities and related loans, provided that the Company complete the Offering described hereunder, and

3- The below letter from Gulf International Bank B.S.C. dated 19 December 2019G, and email dated 22 June 2020G, stating that Gulf International Bank B.S.C. has waived some of its rights and obligations under credit facilities and related loans for the IPO, and in the event that the Company fails to offer its shares within 12 months from the date of the letter dated 19 December 2019G, such approval by Gulf International Bank B.S.C. shall be deemed null and void.

Pursuant to which;

1- Bank Aljazira, under its aforementioned letter dated December 17, 2019G waived its right to revoke its obligations and to demand BinDawood Superstores Company to pay all required amounts, and its right to suspend, cancel and reduce facilities, in the event of a change in the legal form of BinDawood Superstores Company subsidiaries without its approval; as well as waived its right to place restrictions in the event that any person gains ownership of shares with the power to appoint a majority of the members of the board of directors of BinDawood Superstores Company, or in the event of BinDawood Superstores Company making any material change in its ownership structure, as well as waived its right to raise, lower, modify, or did not renew, round or reallocate the financing limit, as well as its right to demand payment at any time, in the event of BinDawood Superstores Company's failure to utilize the financing during the specified availability period, or in the event of BinDawood Superstores Company's breach of its obligations with any of the banks and financial institutions, which may adversely impact its duties towards Bank Aljazira. Furthermore, Bank Aljazira waived its right to compel BinDawood Superstores Company to sign documents from time to time upon request in order to document guarantees or provide additional guarantees, as well waived its right to assess the profit margin and the terms of breaches under other agreements by BinDawood Superstores Company; as well as its rights in the event of BinDawood Superstores Company merging, consolidating or transferring all or some of its assets, as well as its rights under the guarantee provided in the payment request at any time by Danube Company and Danube Star Company, or its right to oblige them to sign any additional documents or to clear any of their assets without notification by the Bank. Bank Aljazira waived its right to demand BinDawood Superstores Company to repay its obligations prior to their maturity date in the event that it receives any negative feedback from other banks in response to Bank Aljazira's inquiries in relation to such banks' financial dealings with BinDawood Superstores Company.

2- Banque Saudi Fransi, under its aforementioned letter dated December 17, 2019G, waived its right to cancel the facilities, change the prices and request payment of any amounts outstanding in the event that half of the voting powers were changed or more than half of the ownership of BinDawood Superstores changed, or if BinDawood Superstores Company merged, consolidated or transferred all or some of its assets to another establishment, or in the event that any person acquired ownership of shares with the power to appoint a majority of the members of the Board of Directors of BinDawood Superstores Company, or in the event that authority is gained to control BinDawood Superstores Company or in the event BinDawood Superstores Company made any material change in its ownership structure. Banque Saudi Fransi also waived its right to cancel the facilities and request the payment of all outstanding amounts in the event that BinDawood Superstores Company or Danube Company performed any "corporate action" (noting that this term is not defined in the agreement in question and thus constitutes ambiguity in the absence of a definition therefor); and also waived its rights to prevent BinDawood Superstores Company and Danube Company from disposing of their assets until a violation occurred, and also agreed to extend the notice period from 15 to 30 days in the event that Banque Saudi Fransi cancelled all or some of the facilities, reduced the limits of such facilities, amended profits, requested payment and reassessed BinDawood Superstores Company's facilities on an annual basis. The Bank also agreed not to terminate the agreement and cancel the facilities and request payment, in the event that legal proceedings are commenced in relation to BinDawood Superstores Company or Danube for the purposes of "reorganization" (noting that this term has not been defined in the relevant agreement and that the relevant agreement does not set out the ways in which such "reorganization" would apply which, in turn, causes ambiguity and uncertainty). Nonetheless, Banque Saudi Fransi Bank has waived its rights related to such violation); and Banque Saudi Fransi decided to abandon the restrictions on BinDawood Superstores Company regarding the distribution of 50% of its profits as well as financial pledges related to leverage and net worth.

3- Gulf International Bank, under its aforementioned letter dated 19 December 2019G, and email dated 22 June 2020G, waived its right to approve BinDawood Superstores Company, Danube or Danube Star's issuance of additional shares or change of any rights related thereto, as well as when any member of the Group pays, realizes or declares any distribution of profits not exceeding 25% of the total dividend amount, or any change in the capital of BinDawood Superstores Company, Danube or Danube Star; as well as the profits distributed at the end of any Fiscal Year exceeding the equivalent of 60% or more of net profits, as well as BinDawood Superstores Company, Danube or Danube Star acknowledging the absence of commitments on all or any current or future revenue or assets; as well as for any action on which it is required to change the legal form, shareholding, or business of BinDawood Superstores Company, , Danube or Danube Star as well as when selling, leasing, or transferring ownership or disposing of their revenues or assets in any other manner.

Table (12-48): Facilities between Gulf International Bank B.S.C. and BDSS dated 01 October 2019G for a total amount of SAR 32,500,000

Type of Facilities / Purpose / Amount	• **Murabaha facility** for the purchase of inventory through letters of credit (sight and deferred) to finance working capital requirements and capex (SAR 25,000,000). There is a sub-limit of SAR 25,000,000 for a refinancing facility and a sub-limit of SAR 25,000,000 for a short-term facility and a sub-limit of SAR 25,000,000 for a medium term facility to settle letters of credit issued to import store equipment. • **Treasury Facility** (SAR 7,500,000).
Amounts Drawn Down	As at 31 December 2019G, the Company's obligations under the letters of credit facility amount to SAR 5,000,000.
Interest / Commission Rate	• **Refinancing / Short-term Facility**: 1.25% p.a. + SIBOR. • **Medium Term Facility**: 1.50% p.a. + SIBOR.
Term	• **Refinancing Facility**: 12 months for working capital requirements and 24 months for capex requirements. • **Short-term Facility**: 6 months. • **Medium Term Facility**: 24 months. • **Treasury Facilities**: 24 months.

Guarantee	These facilities are guaranteed by way of corporate guarantees by BDH, BDSS, Danube and Danube Star. An order note for SAR 32,500,000 was signed by BDSS and guaranteed by BDH, Danube and Danube Star.

Source: Company information.

Table (12-49): Facilities between Banque Saudi Fransi and BDSS dated 18 February 2018G for a total amount of SAR 256,000,000

Type of Facilities / Purpose / Amount	• **Sight / usance documentary letters of credit (multi import) and tawarruq financing - financing letters of credit / bills for collection**: shipping guarantees and tawarruq for financing the settlement of letters of credit opened by the bank and / or documents related to bills for collection received by the bank and / or open account transfers to suppliers (SAR 200,000,000 with a sub-limit of SAR 70,000,000 for the tawarruq financing). • **Bid bonds, performance bonds, advance payment bonds and payment guarantees facilities**: (SAR 2,000,000). • **Swap / hedging facilities**: (SAR 9,000,000). • **Avalisation of acceptance under documentary collections facility**: (SAR 25,000,000). • **Sight / usance documentary letters of credit (multi import) facilities**: (SAR 20,000,000).
Amounts Drawn Down	As at 31 December 2019G, the Company's confirmed that its obligations under the letters of credit amount to SAR 10,000,000 and its obligations under the letters of guarantee facility amount to SAR 2,300,000.
Interest / Commission Rate	• **Tawarruq financing**: SIBOR + 1.25% p.a.
Term	Expires on 30 September 2020G
Guarantee	These facilities are guaranteed by way of corporate guarantees by BDH, Danube and Danube Star.

Source: Company information.

Table (12-50): Facility between Bank Aljazira and BDSS dated 19 February 2017G for a total amount of SAR 250,000,000

Type of Facilities / Purpose / Amount	• **Sight and / or deferred payment letters of credit (local/foreign) - revolving**: for import / purchase of commodities for BDSS's stores (SAR 250,000,000). • **Sight and / or deferred payment letters of credit (local/foreign) - revolving**: for import / purchase of interior decor materials for BDSS's stores and / or refrigerating equipment and / or equipment necessary for the construction of BDSS's stores and branches and / or to replace these materials and equipment for existing stores and branches after obtaining Bank Aljazira's prior consent (SAR 250,000,000).
Amounts Drawn Down	As at 31 December 2019G, the Company's obligations under the letters of credit facility amount to SAR 14,200,000.
Interest / Commission Rate	• **Sight and / or deferred payment letters of credit (local/foreign) - revolving**: • commission for acceptance of deferred letters of credit: 0.25% for every 3 months or any part thereof.
Term	The facility documentation is silent on the term of the facilities granted to the Company.
Guarantee	These facilities are guaranteed by way of corporate guarantees by Danube and Danube Star. An order note for SAR 250,000,000 was signed by BDSS and guaranteed by Danube and Danube Star.

Source: Company information.

12.9 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table (12-51): Details of Insurance Policies

Type	Company	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
Money insurance	BDSS	W1-20-601-000022	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	Cash in transit: 415,300,000 Cash in safe: 10,200,000	Cash in transit and cash in safe
Money insurance	Danube	W1-20-601-000023	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	Cash in transit: 1,001,905,000 Cash in safe: 33,940,000	Cash in transit and cash in safe
Fidelity insurance	BDSS	W1-20-602-000020	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	13,820,000	Employees dishonesty coverage
Inland transit	BDSS	W1-20-100-000037	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	500,000,000	Accidental loss or damage to goods in transit
Fidelity insurance	Danube	W1-20-602-000021	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	40,960,000	Employees dishonesty coverage
Inland transit	Danube	W1-20-100-000038	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	300,000,000	Accidental loss or damage to goods in transit
Property insurance	Danube	W1-20-200-000042	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	2,198,968,471	Fixed assets including equipment, furniture etc. and inventory/stock
Property insurance	BDSS	W1-20-200-000041	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	1,068,814,718	Fixed assets including equipment, furniture etc. and inventory/stock
Property insurance	Danube Star	W1-20-200-000046	Walaa Cooperative Insurance Company	From 1 May 2020G to 30 April 2021G	32,108,731	Fixed assets including equipment, furniture etc. and inventory/stock
Motor Insurance	BDSS	W1-20-300-000107	Walaa Cooperative Insurance Company	From 1 April 2020G to 31 March 2021G	3,901,000	• Accidental loss or damage to any insured motor vehicle or its accessories • Liability to third party
Motor Insurance	BDSS	W1-20-300-000103	Walaa Cooperative Insurance Company	From 1 April 2020G to 31 March 2021G	2,250,000	• Accidental loss or damage to any insured motor vehicle or its accessories • Liability to third party

Type	Company	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
Motor Insurance	Danube	W1-20-300-000110	Walaa Cooperative Insurance Company	From 1 April 2020G to 31 March 2021G	15,561,000	• Accidental loss or damage to any insured motor vehicle or its accessories • Liability to third party
Motor Insurance	Danube	W1-20-300-000109	Walaa Cooperative Insurance Company	From 1 April 2020G to 31 March 2021G	4,141,000	• Accidental loss or damage to any insured motor vehicle or its accessories • Liability to third party
Medical	BDSS	313340065	Bupa Arabia for Cooperative Insurance Co.	From 15 March 2020G to 14 March 2021G	N/A	Employees health insurance
Medical	Danube	313340065	Bupa Arabia for Cooperative Insurance Co.	From 15 March 2020G to 14 March 2021G	N/A	Employees health insurance
Medical	Danube Star	313340065	Bupa Arabia for Cooperative Insurance Co.	From 15 March 2020G to 14 March 2021G	N/A	Employees health insurance

Source: Company

12.10 Intellectual Property

12.10.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks with the Commercial Trademarks Department of Ministry of Commerce on which they rely as a brand for their respective businesses. As at the date of this Prospectus, the "BinDawood" and other trademarks have been registered. The Company and its Subsidiaries rely on these trademarks to ensure the success of their businesses and support their competitive position in the market. Therefore, if the Company or its Subsidiaries are unable to protect their trademarks or either of them is forced to take legal action necessary to protect the same, this can have an adverse effect on their ability to use them, which would affect their businesses and results of their operations. For more details, see Section 2.1.15 ("**Protecting certain trademarks on which the Company relies**").

The following table sets out the main details of all registered "BinDawood" and "Danube" trademarks.

Table (12-52): Details of Registered "BinDawood" and "Danube" Trademarks

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
1	Danube	Saudi Arabia	143302132	13/02/1443H (corresponding to 20 September 2021G)	30	الدانوب Danube
2	Danube	Qatar	106689	11 June 2026G	21	الدانوب Danube
3	Danube	Qatar	106690	11 June 2026G	29	الدانوب Danube
4	Danube	Qatar	106688	11 June 2026G	3	الدانوب Danube
5	Danube	Qatar	106691	11 June 2026G	30	الدانوب Danube
6	Danube	Qatar	106692	11 June 2026G	32	الدانوب Danube
7	Danube	Oman	103160	14 June 2026G	30	الدانوب Danube
8	Danube	Oman	103161	14 June 2026G	32	الدانوب Danube
9	Danube	Egypt	336666	12 June 2026G	3	الدانوب Danube
10	Danube	Egypt	336667	12 June 2026G	21	الدانوب Danube
11	Danube	Egypt	336670	12 June 2026G	32	الدانوب Danube
12	Danube	Jordan	147430	7 June 2026G	21	الدانوب Danube
13	Danube	Jordan	147431	7 June 2026G	29	الدانوب Danube

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
14	Danube	Jordan	147429	7 June 2026G	3	الدانوب Danube
15	Danube	Jordan	147432	7 June 2026G	30	الدانوب Danube
16	Danube	Jordan	147433	7 June 2026G	32	الدانوب Danube
17	Danube	Lebanon	176117	29 September 2031G	3, 21, 29, 30, and 32	الدانوب Danube
18	Danube	Lebanon	175924	16 September 2031G	35	الدانوب Danube
19	Danube	Morocco	178352	7 September 2026G	3, 21, 29, 30, 32, and 35	الدانوب Danube
20	Danube	European Union	016541492	3 April 2027G	35	الدانوب Danube
21	Danube	Saudi Arabia	1440030958	24/12/1450H (corresponding to 8 May 2029G)	43	الدانوب Danube
22	Danube Star	United Arab Emirates	017169	10 July 2026G	30	الدانوب Danube
23	Danube Star	United Arab Emirates	017168	10 July 2026G	42	الدانوب Danube
24	Danube Star	Arab Republic of Egypt	0102191	15 July 2026G	30	الدانوب Danube
25	Danube Star	Arabic Republic of Egypt	0102192	15 July 2026G	41	الدانوب Danube

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
26	Danube Star	Arab Republic of Egypt	0102193	15 July 2026G	42	
27	Branch of BDSS	Saudi Arabia	1436013415	25/6/1446H (corresponding to 26 December 2024G)	30	
28	Branch of BDSS	Saudi Arabia	1439004645	22/2/1449H (corresponding to 26 July 2027G)	35	
29	BDSS	United Arab Emirates	259260	31 August 2026G	35	
30	BDSS	Bahrain	117145	31 August 2026G	29	
31	BDSS	Bahrain	117146	31 August 2026G	35	
32	BDSS	Oman	103116	12 June 2026G	21	
33	BDSS	Oman	103115	12 June 2026G	29	
34	BDSS	Oman	103114	12 June 2026G	30	
35	BDSS	Oman	103113	12 June 2026G	32	
36	BDSS	Oman	104405	30 August 2026G	35	
37	BDSS	Qatar	106668	8 June 2026G	32	
38	BDSS	Qatar	108450	29 August 2026G	35	
39	BDSS	Qatar	106665	9 June 2026G	21	
40	BDSS	Qatar	106666	9 June 2026G	29	
41	BDSS	Qatar	106664	9 June 2026G	3	
42	BDSS	Qatar	106667	8 June 2026G	30	
43	BDSS	Egypt	336623	19 May 2026G	21	

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
44	BDSS	Egypt	336624	19 May 2026G	29	
45	BDSS	Egypt	336622	19 May 2026G	3	
46	BDSS	Egypt	336625	19 May 2026G	30	
47	BDSS	Egypt	336626	19 May 2026G	32	
48	BDSS	Jordan	147427	7 June 2026G	29	
49	BDSS	Jordan	147426	7 June 2026G	3	
50	BDSS	Jordan	147428	7 June 2026G	30	
51	BDSS	Jordan	147442	7 June 2026G	32	
52	BDSS	Lebanon	176245	7 October 2031G	3, 21, 29, 30, and 32	
53	BDSS	Lebanon	175996	21 September 2031G	35	
54	BDSS	Morocco	178356	7 September 2026G	3, 21, 29, 30, 32, and 35	
55	BDSS	European Union	016515645	28 March 2027G	35	

Source: Company information.

12.10.2 Other Intellectual Property Rights

The Company has registered a number of internet domain names under its name. The following table sets out the details of the internet domain names registered under the Company's name:

Table (12-53): Details of Internet Domain Names

Internet Domain Name	Expiry Date
bindawood.com	22 April 2022G
bindawood.online	25 April 2022G
danubeco.com	23 August 2023G
bindawoodportal.com	20 June 2024G
danube.sa	28 May 2021G
danubeco.com.sa	30 November 2020G
aldanube.com.sa	15 December 2020G
aldanubeco.com.sa	30 November 2020G
Akasiya.sa	9 December 2020G
bindawood.sa	30 September 2020G
bindawood.com.sa	30 September 2020G
bindawoodholding.com	28 November 2020G

Source: Company

12.11 Litigation

Except as disclosed below, the Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company or its Subsidiaries, nor it is aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a material effect on the Company and its Subsidiaries.

The table below indicates the summary of disputes filed by or against the Company and its Subsidiaries as at the date of this Prospectus:

Table (12-54): Summary of disputes filed by or against the Company and its Subsidiaries as at the date of this Prospects

Plaintiff	Defendant	Summary of Dispute	Status	The Financial Value of the Dispute
Euro Foodbrands Export Limited	Danube	Euro Foodbrands Export Limited filed a claim against Danube before the Saudi commercial tribunal in Jeddah for an unpaid amount in relation to a commercial agreement between the two companies	Pending litigation before the commercial tribunal	SAR 5,680,000

Source: Company information.

12.12 The Zakat Status of the Company and its Subsidiaries

The Company and its Subsidiaries are subject to the laws and regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis and is computed and charged based on zakat base (in accordance with the regulations of GAZT). Adjustments, if any, are made to the zakat provision when the final assessments are obtain from the GAZT.

The table below indicates the zakat payables of the Company and its Subsidiaries as at 31 December 2017G, 2018G and 2019G.

Table (12-55): The zakat payable of the Company and its Subsidiaries as at 31 December 2017G, 2018G and 2019G.

Company	2017G	2018G	2019G
BinDawood Superstores Company	SAR 6,405,392	SAR 2,891,042	SAR 7,143,507
Danube Company for Foodstuff and Commodities	SAR 9,907,745	SAR 3,678,267	SAR 7,959,487
Danube Star for Bakeries and Marketing	SAR 576,869	SAR 2,438	SAR 462,320
Total (BinDawood Holding Company)	**SAR 16,890,006**	**SAR 6,571,747**	**SAR 15,565,314**

Source: Company information.

The Company and its Subsidiaries filed their Zakat declarations on a standalone basis since their respective establishments until the year ended 31 December 2015G, and completed all Zakat declarations and paid related liabilities for that period. From 2016G onwards, the Company obtained an approval from General Authority of Zakat and Tax ("**GAZT**") for the consolidated filing of zakat declarations for the Company and its Subsidiaries, with the Company and its Subsidiaries submitting its information declaration and any Zakat information to GAZT on a standalone basis. As at the date of this Prospectus, the Company has already submitted consolidated zakat declarations together with the information declarations for the Company and its Subsidiaries for the years ended 31 December 2016G through 31 December 2019G. Accordingly, the Company and its Subsidiaries obtained the zakat certificate for all the years since its establishment, until 31 December 2019G, as well as the final Zakat assessments for all the years since establishment until the year 2018G. As at the date of this Prospectus, the Company and its Subsidiaries did not obtain the final zakat certificate for 2019G.

The Company has filed zakat declarations with the GAZT for the period ended 31 December 2011G and for the years ended 31 December 2012G through 31 December 2019G and obtained zakat certificates for the period ended 31 December 2011G and for the years ended 31 December 2012G through 31 December 2019G. As at the date of this Prospectus, the Company has obtained the final zakat assessments for the period ended 31 December 2011G and for the years ended 31 December 2012G through 31 December 2018G with the GAZT by paying an additional zakat liability of SAR 2.5 million.

BinDawood Superstores Company, as at the date of this Prospectus, has finalized the assessment for the years ended 31 December 2012G through 31 December 2015G with the GAZT by paying an additional zakat liability of SAR 895,341. Accordingly, all years until 31 December 2015G have been finalized with the GAZT.

Regarding Danube Company, the GAZT issued a revised assessment for the years 2010G through 31 December 2013G showing an additional liability of SAR 12 million, Danube objected to the GAZT's revised assessment. The GAZT issued a further revised assessment showing an additional liability of SAR 2.5 million. Danube objected again, and the GAZT issued a revised assessment partially accepting the former objection showing an additional liability of SAR 1.8 million. Danube finalized and paid such assessment without further objection. As at the date of this Prospectus, Danube has finalized the assessments for the years ended 31 December 2014G through 31 December 2015G with the GAZT by paying an additional zakat liability of SAR 907,983. Accordingly, Danube Company has finalized all years until 31 December 2015G with the GAZT.

With respect to Danube Star, as at the date of this Prospectus, Danube Star has finalized the assessments for the years ended 31 December 2010G through 31 December 2015G with the GAZT by paying an additional zakat liability of SAR 285,839. Accordingly, Danube Star has finalized all years until 31 December 2015G with the GAZT.

For more information, please refer to Section 2.3.8 ("**Risks associated with Zakat and Tax**").

The members of the Board of Directors of the Company declare that, as at the date of this Prospectus , neither the Company nor its Subsidiaries have any existing Zakat claims or obligations. Furthermore, neither the Company nor its Subsidiaries have any dispute with GAZT with relation to Zakat or taxes, and that they have an adequate Zakat provision to cover any shortfall that may be detected when the final Zakat assessment is received from GAZT. The zakat payable of the Company as at 31 December 2017G, 31 December 2018G and 31 December 2019G were SAR 16.9 million, SAR 6.6 million and SAR 15.6 million, respectively. For further information, please refer to Section 12.55 ("**The Zakat payable of the Company and its Subsidiaries as at 31 December 2017G, 2018G and 2019G**").

12.13 Summary of the Bylaws

12.13.1 Company's Name

The Company's name is BinDawood Holding Company (Saudi Closed Joint Stock Company).

12.13.2 Objectives of the Company

The Company carries out and undertakes the activities of holding companies (i.e. assets, owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the Group.

12.13.3 Participation and Interest in Companies

The Company may establish companies on its own (limited liability or closed joint stock), provided that the capital thereof is not less than (SAR 5,000,000) five million Saudi riyals. It may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint stock or limited liability companies, provided that it does not expend more than twenty percent of its free reserves and in an amount not exceeding ten percent of the capital of the company in which it participates. The total value of such participation shall not exceed the value of such reserves, with the Ordinary General Assembly notified thereof at its first meeting after meeting the requirements of applicable laws and directives in that regard. The Company may also dispose of such shares or stocks, provided that this does not include any brokerage.

12.13.4 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered at the commercial register as a joint stock company. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

12.13.5 Head Office of the Company

The Company's head office shall be in the city of Makkah. The Board of Directors may establish branches or offices for the Company within or outside Saudi Arabia.

12.13.6 Capital of the Company

The capital of the Company shall be 1,143,000,000 Saudi Riyals, divided into 114,300,000,000 shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals. All shall be deemed as ordinary cash shares.

12.13.7 Share Subscription

The Shareholders have subscribed to the full number of capital shares equal to 114,300,000 shares, amounting to 1,143,000 Saudi Riyals; whereby the entire capital of the Company has already been paid in full.

12.13.8 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the guidelines set by the competent authority, issue preferred shares, decide to purchase the same, or convert ordinary shares into preferred shares; or convert preferred shares into ordinary shares. The preferred shares do not confer the right to vote at Shareholders' general assemblies. Such shares entitle holders the right to obtain higher percentage of the Company's net profits compared to holders of common shares, after setting aside the statutory reserve.

12.13.9 Sale of Non-Paid up Shares

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notification of the Shareholder via registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

12.13.10 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

12.13.11 Share Trading

Shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the decision approving the Company's incorporation. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended.

During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or in case of seizure of the funds of an insolvent or bankrupt Shareholder, provided that the other Shareholders are given priority to own such shares.

The provisions of this Article shall be applicable to the Shareholders in case of capital increase before the expiry of the lock-up period.

12.13.12 Shareholders' Register

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

12.13.13 Capital Increase

- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise preemptive rights upon the Company's issuance of shares allotted to employees.

- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have preemptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.
- The Extraordinary General Assembly may revoke the preemptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said preemptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
- Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
- Without prejudice to the provisions of paragraph 4 hereof, new shares shall be allotted to the holders of preemptive rights who have expressed interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to preemptive right holders who have asked for more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

12.13.14 Decrease of Capital

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12.13.15 Company's Management

The Company shall be managed by a Board of Directors composed of nine (9) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years. As an exception, the shareholders appointed the first board of directors for a period of five (5) years.

12.13.16 Membership Termination

Board membership shall expire by the expiration of its term, or the expiration of Board member's term, death, conviction of a crime, or being subject to investigation detrimental to the Company's reputation, in accordance with any law or instructions applicable in the Kingdom. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, dismiss one or all of the Directors, without prejudice to the terminated member's right to seek compensation from the Company, if dismissal were not properly justified or occurred at an inappropriate time. The Board member may also tender his resignation, provided that such resignation occurs at an appropriate time, otherwise, said member shall be held liable for any damage affecting the Company as a result of his resignation.

12.13.17 Membership Vacancy

If the position of a Board of Director's member becomes vacant, the Board of Directors may appoint a member to the vacant position temporarily, based on the number of votes received thereby at the Assembly meeting that elected the Board, to be selected from among experienced and competent candidates. Such appointment shall be notified to the Ministry within five (5) working days from the date of appointment, and shall be submitted to the

Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. In case the number of board members becomes less than the quorum stipulated by the Companies' Law or these Bylaws, remaining Board members shall call the Ordinary General Assembly to convene within sixty days to elect the required number of members.

12.13.18 Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company, in order to achieve its objectives except for actions exempted under a special provision of the Companies' Law or these Bylaws that fall within the competence of the General Assembly. Said powers include, but are not limited to, the following:

- Take the necessary measures to ensure the management of the Company with the highest efficiency and maximum profitability.
- Formulate the Company's financial, administrative and employee policies and follow-up on the implementation thereof, as well as develop strategic plans and follow-up on the implementation thereof, while evaluating the performance of the executive management and follow-up on periodic reports on the performance of the Company.
- The Board, within the limits of its competence, may delegate or authorize one or more of its members, or others, to undertake a specific work or works, or some or all of its powers, and cancel this delegation of powers or authorization in whole or in part, and give them the right to delegate these powers to others.

12.13.19 Remuneration of Board Members

The remuneration of the Board of Directors shall consist of an attendance allowance, within the limits of the Companies Law and Regulations thereof. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expenses and other benefits received by Board members during the Fiscal Year. It shall as well contain a statement of payments made to members in their capacity as employees or executives, or in consideration for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

12.13.20 Powers of the Chairman, Vice Chairman, Managing Directors and Secretary

- The Board shall appoint from among its members a Chairman who shall convene the Board of Directors and preside over Board meetings and the meetings of the Shareholders' general assemblies. It shall not be permissible to simultaneously occupy both the office of the Chairman and any executive position in the Company.
- The Board of Directors shall appoint a Vice Chairman and a Managing Director from among Board members.
- In addition to the remuneration prescribed for Board members, the remuneration received by each shall be determined by the Ordinary General Assembly, within the limits stipulated in the Companies Law or any other regulations, decrees, or circulars that complement it.
- The Board of Directors shall appoint a Secretary to be selected from among its members or from others, who shall be responsible for recording Board meeting minutes, and decisions issued during said meetings, keeping them in a special register that shall be updated, and performing any tasks entrusted thereto by the Board of Directors. The Secretary's remuneration shall be determined later.
- The term of office of the Chairman, Deputy-Chairman, Managing Director and Secretary of the Board of Directors shall not exceed the term of their membership on the Board. They may be re-elected, and the Board may at any time dismiss all or any of them without prejudice to the right of the dismissed to compensation if dismissal occurred for an unlawful reason or at an inappropriate time.

- The powers of the Chairman of the Board of Directors shall include but not be limited to the following:

With regard to (real estate): Sell and transfer to buyers, collect the price by check in the name of the Company; purchase, accept transfers, and pay the price in the interest of the Company's objectives; mortgage and redeem mortgages; consolidate sukuk; partition and subdivide - take possession of deeds, update and input the same into the comprehensive system, amend boundaries, lengths and surface areas, parcel numbers, plans, deeds, dates and names of districts, rent and lease, sign rent and lease agreements and renew the same; collect rent by check in the name of the Company or by bank transfers to the Company's bank account – Cancel and terminate lease agreements - Sale and transfer to heirs – document construction; exploit the Company's real estate, land and fixed and movable assets; execute, sign, terminate, amend and renew all types of contracts.

With regard to (companies): Establish all kinds of companies - sign the articles of association, and restatements thereof; sign shareholder resolution, appoint and dismiss managers – the entry and exit of partners - participate in the establishment or acquisition of companies - entry or participation in companies of all kinds on behalf of the Company - amend the Company's objectives - amend the articles of association or restatements, whether by increasing or reducing the capital, buying, selling shares, stocks, assigning or liquidating the same - sign the articles of association and restatements before the notary public - sign the Company's contracts with others and enter tenders on behalf of the Company, as well as all types of contracts, documents, papers and amendments thereto – convert the Company into a public joint stock company or a limited liability company- convert the Company's branch into a company - publish articles of association, amendments, summaries and bylaws in the Official Gazette; approve the establishment of Company subsidiaries, branches, offices and agencies, as well as subscriptions and participation in companies; amend the latter's articles of association and reserve the trade names thereof. All of the above shall also apply to all companies that the Company incorporated, owned, participated or contributed in; register trademarks; subscribe to and renew chamber of commerce memberships; subscribe in the joint stock companies in the Company's name; receive the surplus after allocation of shares and collect profits; buy and sell shares on behalf of the Company; open, manage, cancel, liquidate and close investment portfolios in the name of the Company; buy and sell shares, transfer from investment accounts to current accounts and vice versa; collect the value of sold shares and profits; obtain main and sub-commercial records, and annotate thereon any additional changes, including deletions, additions, modifications, limitations or omissions; receive original commercial registers; assign main or sub-commercial records; assign trade names; subscribe with the Chamber of Commerce and renew said subscription; approve and revoke signatures at the Chamber of Commerce; sign before all chambers of commerce and industry in Saudi Arabia and abroad; negotiate with companies, institutions, government agencies and individuals; take decisions and sign on behalf of the Company on all contracts; attend assemblies, meetings, discussions and vote on behalf of the Company or authorize others to attend and vote on behalf of the Company in all cases that so require; decide on opening or cancelling branches and appointing the directors thereof, determining their remuneration and benefits, dismissing and removing them; appoint the Secretary of the Board of Directors upon the recommendation of the Chairman or Deputy thereof.

With regard to (claims and courts): file claims and lawsuits – defend and argue - hear lawsuits and reply thereto – settle – deny – reconcile – waive – discharge - request, reject and refuse oath taking - present witnesses and evidence, and challenge the same - respond, impeach and amend - claim forgery - reject documents, seals and signatures - request and lift travel bans – contact foreclosure and enforcement bodies - request foreclosure and enforcement - request arbitration - appoint experts and arbitrators - accept and challenge the reports of experts and arbitrators, as well as dismiss and replace such experts and arbitrators - request the implementation of Article 230 of the Law of Procedure before Sharia Courts – request the enforcement of judgments - accept, deny, object to and appeal judgments - seek reconsideration – annotate judgment instruments - request restitution and pre-emption - conclude all necessary measures and attend hearings in all cases before all courts – collect sums in cash, regular check or notarized checks in the name of the Company - receive judgment instruments – request the referral of lawsuits - request interposition and intervention – before all Sharia courts – Administrative Courts (Board of Grievances) – labor offices - Committees for the Settlement of Financial Disputes - Committees for the Resolution of Securities Disputes - Committees for the Settlement of Commercial Disputes - Customs and Commercial Fraud Committees – Committees for the Settlement of Insurance Disputes and Violations – the Supreme Judicial Council – appeal to the Supreme Court – the Control and Investigation Board – the Bureau of Investigation and Prosecution - public notaries - labor offices – labor issue departments at the labor offices – amicable settlement, Primary and High Commissions for the Settlement of Labor Disputes – zakat and income committees, as well as any other committee and government authority – the right to conclude all cases filed by or against the Company – follow up on all cased filed by or against the Company – appoint lawyers, representatives and arbitrators.

With regard to (Passports): Obtain and renew residency permits – obtain replacement residency permits in lieu of lost or damaged ones – obtain entry and exit visas – obtain final exit visas – transfer sponsorships – transfer and update data – amend occupations – settle and waive workers – report escapees – cancel escapee reports – conclude deceased worker formalities – obtain employee printouts – terminate labor relationships – contact the Deportation and Expatriates Department – open primary and sub-dossiers, as well as renew and cancel the same – add or remove Saudis – receive Saudization certificates – promote.

With regard to the (Labor Office): Obtain visas – cancel visas – receive visa refunds – transfer sponsorships – change occupations – update worker data – settle and terminate labor relationships – report escapee workers – cancel escapee reports – obtain and renew work permits – conclude labor procedures with GOSI – contact the human resources computer department to remove or add workers – open, renew and cancel main and sub-dossiers – add and remove Saudis – receive Saudization certificates – promote.

With regard to (Banks): Contact all banks – open Sharia accounts in the name of the Company – withdraw from and deposit into accounts – transfer from accounts – request and receive ATM cards, as well as the pin codes thereto and use the same – obtain bank statements – request, receive and use checkbooks – issue, sign and receive certified checks – request loan exemptions – request bank lines of credit – sign contracts and forms – request bank guarantees – sign, receive and register guarantees – close and settle accounts – request points of sale – cash checks – activate accounts – object to checks – receive checks – update data – manage investment portfolios – obtain proof of indebtedness documents – open, manage, operate and close bank accounts – obtain, request and sign contracts for credit facilities and loans from government funds and financing institutions, as well as from all banks and financial institutions, irrespective of the value or term thereof, even those whose term does not exceed three years from government funds, commercial banks, financial institutions or any company or financing firm – issue letters of guarantee to others when the Board of Directors, at its discretion, determines that said guarantees serve the Company's interests – issue promissory notes and other traded securities – enter into all types of banking transactions and agreements – provide financial support to any of the companies in which the Company participates, or to any subsidiaries or sister companies and guarantee the credit facilities obtained thereby, provided that the other partners in said companies also provide financial support in proportion to their contribution in said companies.

With regard to (Secretariats and Municipalities): Open stores – obtain, renew, cancel and transfer permits – obtain construction and renovation permits – obtain fence building permits – obtain demolition permits – obtain construction completion certificates – obtain health cards – enter into auctions and receive the forms therefor – contact secretariats – oversee construction – sign contracts with construction companies and contractors.

With regard to (industrial licenses): Obtain, renew and amend licenses – add an activity – reserve names – cancel licenses.

With regard to (compensation and assistance): Contact departments and agencies in relation to compensation, receive Company-related compensation and receive assessments pertaining thereto.

With regard to (ministries, security agencies and service companies): Contact all ministries and the branches thereof – contact the Royal Court – contact the Ministry of the Interior – contact the Foreign Ministry – contact the Ministry of Commerce and Industry – contact the Ministry of Finance – contact the Ministry of Social Affairs – contact the Ministry of Municipal and Rural Affairs – contact the Ministry of Water and Power – contact the Ministry of Petroleum and Mineral Resources to obtain permits – contact the Ministry of Hajj – contact the Ministry of Communications and Information Technology – contact the Emirate and judgment enforcement bureau – contact the Bureau of Investigation and Prosecution – contact police stations – contact the General Investigation Directorate - contact the Administrative Investigation Directorate – contact the Criminal Investigation Directorate – contact the General Directorate of Narcotics Control – contact GOSI and the branches thereof – contact GAZT and the branches thereof – contact Civil Defense and the branches thereof – contact the Electricity Company and request the installation, transfer, boosting and disconnection of meters, as well as read meters and object to invoices and fines – contact the Water Company and request the installation, transfer, boosting and disconnection of meters, as well as read meters and object to invoices and fines and request sewer connections.

With regard to the (Customs Authority): apply for and renew customs licenses - transfer and cancel customs licenses, and establish branches therefor - clear, inspect and check merchandises - pay fees and receive customs clearances and cards - amend and obtain replacement customs cards in lieu of lost ones - manage and supervise licenses - contact medical quarantine facilities.

With regard to (vehicles): sell and purchase vehicles - transfer title thereto and receive prices thereof in cash or by check in the name of the Company, or pay prices thereof by check in the name of the Company - import vehicles - sell and purchase heavy equipment - transfer title thereto and receive and pay prices for the same in cash or by check in the name of the Company - contact the Customs Authority, clear vehicles and apply for the issuance of license plates - contact the Ministry of Transport for the issuance of vehicle operation cards - take receipt of seized vehicles - contact the traffic police for accidents involving the Company's vehicles - purchase vehicles from outside the Kingdom of Saudi Arabia, register them under the Company's name, receive title documents, and complete shipment procedures to the Kingdom of Saudi Arabia.

With regard to the (General Traffic Department): apply for the issuance of driving licenses- obtain replacement driving licenses in lieu of lost or damaged ones - renew driving licenses - apply for, renew, transfer and remove license plates - obtain a permit for vehicle repair - purchase a license plate from the General Traffic Department - export vehicles - change vehicle color - issue an authorization for driving the vehicle - file theft report - cancel theft report- challenge, settle and take decisions regarding violations- obtain a data print.

With regard to (communications companies): contact all communications companies - request all services provided by communications companies - request the establishment of, transfer and cancel fixed lines (Mobily- Etisalat- Zain - Virgin and other companies).

With regard to the (Post Office): request mailboxes- receive keys for mailboxes - collect registered mail- obtain an authorization card for the mailbox - renew or cancel subscriptions for mailboxes - disburse amounts deposited in mailing records.

- Authorize or delegate to any member(s) or third party any and all of the powers hereby granted to them. The Chairman may revoke such authorization, partly or in full.
- Receive, deliver, and contact all relevant authorities; complete all necessary procedures and signings as required.
- In his absence, the Chairman shall be replaced by the Vice Chairman.
- The Managing Director shall have the following powers:

With regard to (real estate): Sell and transfer to buyers, collect the price by check in the name of the Company; purchase, accept transfers, and pay the price in the interest of the Company's objectives; mortgage and redeem mortgages; consolidate sukuk; partition and subdivide - take possession of deeds, update and input the same into the comprehensive system, amend boundaries, lengths and surface areas, parcel numbers, plans, deeds, dates and names of districts, rent and lease, sign rent and lease agreements and renew the same; collect rent by check in the name of the Company or by bank transfers to the Company's bank account – Cancel and terminate lease agreements - Sale and transfer to heirs – document construction; exploit the Company's real estate, land and fixed and movable assets; execute, sign, terminate, amend and renew all types of contracts.

With regard to (companies): Establish all kinds of companies - sign the articles of association, and restatements thereof; sign shareholder resolution, appoint and dismiss managers – the entry and exit of partners - participate in the establishment or acquisition of companies - entry or participation in companies of all kinds on behalf of the Company - amend the Company's objectives - amend the articles of association or restatements, whether by increasing or reducing the capital, buying, selling shares, stocks, assigning or liquidating the same - sign the articles of association and restatements before the notary public - sign the Company's contracts with others and enter tenders on behalf of the Company, as well as all types of contracts, documents, papers and amendments thereto – convert the Company into a public joint stock company or a limited liability company- convert the Company's branch into a company - publish articles of association, amendments, summaries and bylaws in the Official Gazette; approve the establishment of Company subsidiaries, branches, offices and agencies, as well as subscriptions and participation in companies; amend the latter's articles of association and reserve the trade names thereof. All of the above shall also apply to all companies that the Company incorporated, owned, participated or contributed in; register trademarks; subscribe to and renew chamber of commerce memberships; subscribe in the joint stock companies in the Company's name; receive the surplus after allocation of shares and collect profits; buy and sell shares on behalf of the Company; open, manage, cancel, liquidate and close investment portfolios in the name of the Company; buy and sell shares, transfer from investment accounts to current accounts and vice versa; collect the value of sold shares and profits; obtain main and sub-commercial records, and annotate thereon any additional changes, including deletions, additions, modifications, limitations or omissions; receive original commercial registers; assign main or sub-commercial records; assign trade names; subscribe with the Chamber of Commerce and renew said subscription; approve and revoke signatures at the Chamber of Commerce; sign before all chambers of commerce and industry in Saudi Arabia and abroad; negotiate with companies, institutions, government agencies and individuals; take decisions and sign on behalf of the Company on all contracts; attend assemblies, meetings, discussions and vote on behalf of the Company or authorize others to attend and vote on behalf of the Company in all cases that so require; decide on opening or cancelling branches and appointing the directors thereof, determining their remuneration and benefits, dismissing and removing them; appoint the Secretary of the Board of Directors upon the recommendation of the Chairman or Deputy thereof.

With regard to (Passports): Obtain and renew residency permits – obtain replacement residency permits in lieu of lost or damaged ones – obtain entry and exit visas – obtain final exit visas – transfer sponsorships – transfer and update data – amend occupations – settle and dismiss workers – report escapees – cancel escapee reports – conclude deceased worker formalities – obtain employee printouts – terminate labor relationships – contact the Deportation and Expatriates Department – contact the Ports Authority – contact the House Maids Center – register in e-services.

With regard to the (Labor Office): Obtain visas – cancel visas – receive visa refunds – transfer sponsorships – change occupations – update worker data – settle and terminate labor relationships – report escapee workers – cancel escapee reports – obtain and renew work permits – conclude labor procedures with GOSI – contact the human resources computer department to remove or add workers – open, renew and cancel main and sub-dossiers – add and remove Saudis – receive Saudization certificates – promote.

With regard to (Banks): Contact all banks – open Sharia accounts in the name of the Company – withdraw from and deposit into accounts – transfer from accounts – request and receive ATM cards, as well as the pin codes thereto and use the same – obtain bank statements – request, receive and use checkbooks – issue, sign and receive certified checks – request loan exemptions – request bank lines of credit – sign contracts and forms – request bank guarantees – sign, receive and register guarantees – close and settle accounts – request points of sale – cash checks – activate accounts – object to checks – receive checks – update data – manage investment portfolios – obtain proof of indebtedness documents – open, manage, operate and close bank accounts – obtain, request and sign contracts for credit facilities and loans from government funds and financing institutions, as well as from all banks and financial institutions, irrespective of the value or term thereof, even those whose term does not exceed three years from government funds, commercial banks, financial institutions or any company or financing firm – issue letters of guarantee to others when the Board of Directors, at its discretion, determines that said guarantees serve the Company's interests – issue promissory notes and other traded securities – enter into all types of banking transactions and agreements – provide financial support to any of the companies in which the Company participates, or to any subsidiaries or sister companies and guarantee the credit facilities obtained thereby, provided that the other partners in said companies also provide financial support in proportion to their contribution in said companies.

With regard to (Secretariats and Municipalities): Open stores – obtain, renew, cancel and transfer permits – obtain construction and renovation permits – obtain fence building permits – obtain demolition permits – obtain construction completion certificates – obtain health cards – enter into auctions and receive the forms therefor – contact secretariats – oversee construction – sign contracts with construction companies and contractors.

With regard to (industrial licenses): Obtain, renew and amend licenses – add an activity – reserve names – cancel licenses.

With regard to (compensation and assistance): Contact departments and agencies in relation to compensation, receive Company-related compensation and receive assessments pertaining thereto.

With regard to (ministries, security agencies and service companies): Contact all ministries and the branches thereof – contact the Royal Court – contact the Ministry of the Interior – contact the Foreign Ministry – contact the Ministry of Commerce and Industry – contact the Ministry of Finance – contact the Ministry of Social Affairs – contact the Ministry of Municipal and Rural Affairs – contact the Ministry of Water and Power – contact the Ministry of Petroleum and Mineral Resources to obtain permits – contact the Ministry of Hajj – contact the Ministry of Communications and Information Technology – contact the Emirate and judgment enforcement bureau – contact the Bureau of Investigation and Prosecution – contact police stations – contact the General Investigation Directorate - contact the Administrative Investigation Directorate – contact the Criminal Investigation Directorate – contact the General Directorate of Narcotics Control – contact GOSI and the branches thereof – contact GAZT and the branches thereof – contact Civil Defense and the branches thereof – contact the Electricity Company and request the installation, transfer, boosting and disconnection of meters, as well as read meters and object to invoices and fines – contact the Water Company and request the installation, transfer, boosting and disconnection of meters, as well as read meters and object to invoices and fines and request sewer connections.

With regard to the (Customs Authority): apply for and renew customs licenses - transfer and cancel customs licenses, and establish branches therefor - clear, inspect and check merchandises - pay fees and receive customs clearances and cards - amend and obtain replacement customs cards in lieu of lost ones - manage and supervise licenses - contact medical quarantine facilities.

With regard to (vehicles): sell and purchase vehicles - transfer title thereto and receive prices thereof in cash or by check in the name of the Company, or pay prices thereof by check in the name of the Company - import vehicles - sell and purchase heavy equipment - transfer title thereto and receive and pay prices for the same in cash or by check in the name of the Company - contact the Customs Authority, clear vehicles and apply for the issuance of license plates - contact the Ministry of Transport for the issuance of vehicle operation cards - take receipt of seized vehicles - contact the traffic police for accidents involving the Company's vehicles - purchase vehicles from outside the Kingdom of Saudi Arabia, register them under the Company's name, receive title documents, and complete shipment procedures to the Kingdom of Saudi Arabia.

With regard to the (General Traffic Department): apply for the issuance of driving licenses- obtain replacement driving licenses in lieu of lost or damaged ones - renew driving licenses - apply for, renew, transfer and remove license plates - obtain a permit for vehicle repair - purchase a license plate from the General Traffic Department - export vehicles - change vehicle color- issue an authorization for driving the vehicle - file theft report - cancel theft report- challenge, settle and take decisions regarding violations- obtain a data print.

With regard to (communications companies): contact all communications companies- request all services provided by communications companies - request the establishment of, transfer and cancel fixed lines (Mobily - Etisalat – Zain - Virgin and other companies).

With regard to the (Post Office): request mailboxes - receive keys for mailboxes - collect registered mail- obtain an authorization card for the mailbox - renew or cancel subscriptions for mailboxes - disburse amounts deposited in mailing records.

- Authorize or delegate to any member(s) or third party any and all of the powers hereby granted to them. The Vice-Chairman may revoke such authorization, partly or in full.
- Receive, deliver, and contact all relevant authorities; complete all necessary procedures and signings as required.

12.13.21 Meetings of the Board of Directors

The Board of Directors shall meet at least twice a year, upon an invitation from the Chairman, which shall be made in writing and delivered by hand or sent by facsimile, email or registered mail, at least two weeks prior to the specified meeting date, unless the Board of Directors agrees otherwise. The Chairman shall call the Board to convene a meeting whenever two members so request.

12.13.22 Meeting Quorum and Resolutions

A Board meeting shall be quorate only if attended by at least (6) six members. Any member of the Board may authorize another member of the Board to attend the board meeting, in accordance with the following controls:

- A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting;
- A proxy shall be made in writing;
- A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting;
- Board resolutions shall be adopted by a majority vote of members present or represented therein, with the Chairman or, in his absence, the meeting chairperson, casting the deciding vote in case of a tie.

12.13.23 Board Deliberations

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, attending members and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

12.13.24 Shareholder Assemblies

12.13.24.1 Assembly Attendance

Subscribers, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on his/its behalf.

12.13.24.2 Conversion Assembly

The Shareholders shall call subscribers to convene a Conversion Assembly within (45) forty-five days from the date of the Ministry's decision to approve the conversion. The meeting shall be valid if attended by a number of subscribers representing at least half of the capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates. In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

12.13.25 Responsibilities of the Conversion Assembly

This Conversion General Assembly shall be competent to deal with the matters set out under Article (63) of the Companies Law.

12.13.26 Responsibilities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

12.13.27 Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

12.13.28 Convening General Assemblies

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly, if requested to do so by the auditor, the Audit Committee, or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened, when the Board does not to call for such a meeting within thirty (30) days of the auditor's request to do so.

The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty one (21) days prior to the time set for such meeting. However, notice may be given to all shareholders via registered letters within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry, within the period set for publication.

12.13.29 Assembly Record of Attendance

Shareholders who wish to attend Ordinary or Special General Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.

12.13.30 Ordinary General Assembly Quorum

Ordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one quarter of the Company's capital in person or by proxy. In the absence of a quorum, a second meeting shall be called to convene within thirty (30) days after the preceding meeting, with the invitation to said meeting published in accordance with the provisions of Article 30 hereof. The second meeting shall be deemed valid, irrespective of the number of shares represented thereat.

12.13.31 Extraordinary General Assembly Quorum

Extraordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one half of the Company's capital in person or by proxy. In the absence of a quorum at the first meeting, a second meeting shall be called to convene under the same conditions set forth in Article 30 of the Bylaws.

In any case, the second meeting shall be deemed valid if attended by a number of shareholders representing at least one quarter of the capital.

If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article 30 of the Bylaws. With the consent of the competent authority, the third meeting shall be valid irrespective of the number of shares represented thereat, and without prejudice to the provisions of Article 23 of the Bylaws.

12.13.32 Voting at Assemblies

Each subscriber shall have one vote for each share he represents at the Conversion Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

12.13.33 General Assembly Resolutions

Resolutions of the Conversion Assembly shall be adopted by an absolute majority of the shares represented thereat. Ordinary General Assembly resolutions shall be issued by an absolute majority of the shares represented at the meeting. Whereas, Extraordinary General Assembly resolutions shall be adopted by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified therefor in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

12.13.34 Assembly Deliberations

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the Shareholder's questions to the extent that is not detrimental to the Company's interests. If the Shareholder deems the answer to the question unsatisfactory, then the issue may be referred to the General Assembly and the latter's decision in this regard shall be binding.

12.13.35 Presiding over General Assemblies and the Keeping of Minutes

The General Assembly of Shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Deputy-Chairman or, in their absence, the Board designated member. Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

12.13.36 Audit Committee

12.13.36.1 Formation of the Committee

An audit committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly and shall consist of three (3) members, other than executive Board members, whether from among the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members.

12.13.36.2 Committee Quorum

Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

12.13.37 Committee Responsibilities

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements, as well as be entitled to request that the Board of Directors calls for the convening of the Company's General Assembly, if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

12.13.38 Committee Reports

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

12.13.39 Auditor

12.13.39.1 Appointment of the Auditor

The Company shall have one auditor or more to be selected from among those licensed to work in Saudi Arabia. Such auditor shall be appointed annually and the compensation term of office thereof shall be fixed by the Ordinary General Assembly. The Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation, if the replacement decision were unlawful or occurred at an inappropriate time.

12.13.40 Responsibilities of the Auditor

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. The Board not facilitating the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

12.13.41 Company Accounts and Distribution of Profits

12.13.41.1 Fiscal Year

The Company's Fiscal Year shall commence as on the 1st of January and expire on the 31st of December of each Gregorian year. However, the Company's first Fiscal Year shall commence as at the date on which the Company is registered at the commercial register as a closed joint stock company on 01/01/2018G and expire on 31 December of the same year. The budget for the transitional period resulting from amending the Fiscal Year shall be included in the budget of the previous Fiscal Year as a limited liability company, which ended on 31/12/2017G.

12.13.42 Financial Documents

- At the end of each Fiscal Year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended Fiscal Year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
- The Chairman of the Board, CEO and CFO shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed at the Company's Head Office at the disposal of Shareholders at least twenty one (21) days prior to the date set for the General Assembly meeting.

- The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's Head Office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the General Assembly meeting.

12.13.43 Distribution of Profits

The Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or ensures a regular distribution of dividends to Shareholders. said the Ordinary General Assembly may also deduct certain amounts from the net profits to set up social pensions for the Company's employees or to support any existing pensions.
- The remaining shall be distributed to shareholders in an amount representing (10%) of the company's paid-up capital.
- Without prejudice to the provisions of Article 20 of the Bylaws, and Article 76 of the Companies' Law, after the foregoing, a percentage of the remainder shall be allocated as a bonus to the Board of Directors; with said bonus proportionate to the number of meetings attended by each member.
- The Company may distribute interim dividends to its Shareholders on a semi-annual or quarterly basis by a decision of the Board of Directors if the Company's financial position so permits and liquidity is available according to the controls and procedures set by the competent authority.

12.13.44 Entitlement to Profits

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

12.13.45 Distribution of Profits for Preferred Shares

- If no profits were distributed for any Fiscal Year, profits may not be distributed for the following years, unless the percentage established in accordance with the provisions of Article 114 of the Companies' Law has been paid to the owners of the preferred shares for such year.
- If the Company failed to pay the determined percentage of profits in accordance with the provisions of Article 114 of the Companies' Law for three (3) consecutive years, a Special Assembly of preferred shares holders shall be held in accordance with the provisions of Article 89 of the Companies' Law to decide either to have the owners of the preferred shares attend meetings of the General Assembly and participate in the vote, or appoint their representatives to the Board of Directors, in proportion to the value of their shares in the Company's capital, until the Company is able to pay all of the profits allocated to the owners of the preferred shares for the previous years.

12.13.46 Company Losses

- If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies' Law, in order to render losses equal to less than half of the paid-up capital, or dissolve the Company prior to the end of its term, as defined in the Companies' Law.

- The Company shall be deemed dissolved under the Companies' Law, when its General Assembly does not convene within the period specified in Paragraph 1 of this Article; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this article, but the capital increase is not subscribed to in full within ninety days of the Assembly's resolution to increase the capital.

12.13.47 Disputes

12.13.47.1 Liability Action

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder, if the Company's right to file such action remains valid. The shareholder shall notify the Company of his/its intention to file such action.

12.13.48 Dissolution and Liquidation of the Company

12.13.48.1 Expiry of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, compensation, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years that cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

12.13.49 Final Provisions

12.13.49.1 Companies Law

The Companies Law and Regulations thereof shall apply to all matters not provided for in these Bylaws.

12.13.49.2 Publication

These Bylaws shall be filed and published in accordance with the provisions of the Companies' Law and Regulations thereof.

12.14 Description of Shares

12.14.1 Capital of the Company

The nominal capital of the Company is 1,143,000,000 Saudi Riyals, divided into 114,300,000 ordinary shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals. All shall be deemed as ordinary cash shares.

12.14.2 Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

12.14.3 Share Repurchase

The Company may in accordance with Article (112) of the Companies Law, purchase its shares in accordance with controls set by the competent authority. The shares purchased by the Company shall no entitle it to votes in the shareholders assemblies.

12.14.4 Rights of the Holders of Ordinary Shares

Pursuant to Article (110) of the Companies Law, shares confer on the shareholder all the rights attached to the shares, which include in particular the right to receive a share in the profits declared for distribution; the right to a share in the Company's assets upon liquidation; the right to attend general assemblies and participate in the deliberations; voting on the resolutions proposed at such meetings; the right to dispose of shares; the right to have an access to the Company's records and documents; the right to supervise acts of the Board of Directors; the right to institute proceedings against Board members; and the right to contest the validity of the resolutions adopted at general assemblies in accordance with the conditions and restrictions specified in the Companies Law or in the Company's Bylaws.

Each Shareholder shall have the right to discuss the subjects listed in the General Assembly's agenda and to direct questions in respect thereof to the Board of Directors and the Auditor. The Board or Auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then he/she may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

12.14.5 General Assemblies

The Shareholders' General Assemblies duly convened represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Except for matters falling within the jurisdiction of an Extraordinary General Assembly, an Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least one a year during the first six (6) months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called where necessary.

An Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the Company's Bylaws, within the scope permitted by law. Furthermore, an Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

The invitation to the Ordinary General Assembly should be published in a daily newspaper distributed in the Company's headquarters at least twenty-one (21) days prior to the meeting date. A copy of the invitation and agenda shall be sent to the Ministry of Commerce and Investment within the period specified for publication. A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least (25%) of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall maintain the possibility of holding such meeting or a second one within thirty days (30) after the first meeting. The notice shall be sent in the manner prescribed in the first meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein. The meeting of Extraordinary General Assembly shall be valid only if attended by a number of Shareholders representing at least half of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting of the Extraordinary General Assembly shall be called to be held one hour after the end of the period specified for the first meeting, and the invitation shall maintain the possibility of holding such meeting or a second one within the following thirty (30) days. The second meeting shall be valid only if attended by a number of Shareholders representing at least (25%) of the Company's share capital. If this quorum is not attained at the second meeting, notice shall be sent for a third meeting to be held. The third meeting shall be valid regardless of the number of Shares represented therein and is contingent upon the competent authority's approval. General Assembly meetings shall be chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice Chairman of the Board of Directors. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of Shares held by each, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the canvasser.

12.14.6 Voting Rights

Each Subscriber, regardless of the number of his/her Shares, has the right to attend the Conversion Assembly, and each Shareholder shall have the right to attend the General Assemblies of the Shareholders. A Shareholder may appoint another person who is not a member of the Board of Directors or a company employee to attend the General Assembly on his/her behalf. Each Shareholder shall have one vote per Share represented thereby at the Conversion Assembly, and each Shareholder shall have a vote for each Share at the General Assemblies. Cumulative voting shall be used in the elections of the Board of Directors. Votes at the meetings of the General Assembly shall be counted on the basis of one vote per Share represented at the meeting. Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting.

12.14.7 Term of the Company

The term of the Company be ninety-nine (99) Gregorian years commencing from the registration of the Company with the commercial registry as a joint stock company. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

12.14.8 Dissolution and Liquidation of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the term set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of the liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for managing the Company until the liquidator is appointed. The Company's administrative departments shall maintain their powers to the extent that they do not conflict with the powers of the liquidators.

12.14.9 Change of Shareholders' Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against the Board members and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies Law and the Bylaws) are granted pursuant to the Companies Law. Accordingly, they may not be changed.

13. UNDERWRITING

The Company, the Selling Shareholders and the Underwriters (being Goldman Sachs Saudi Arabia, J.P. Morgan Saudi Arabia, GIB Capital and NCB Capital Company) have entered into an underwriting agreement dated 19/02/1442H, corresponding to 6 October 2020G (the **"Underwriting Agreement"**) pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of 22,860,000 Offer Shares. The name and address of the Underwriters are set out below:

13.1 Underwriters

Underwriters
Goldman Sachs Saudi Arabia 25 Floor, Kingdom Tower P.O. Box 52969, Riyadh 11573 Kingdom of Saudi Arabia Tel: +966 11 279 4800 Fax: +966 11 279 4807 Website: www.goldmansachs.com/worldwide/saudi-arabia/ Email: gssainfo@gs.com
J.P. Morgan Saudi Arabia Al Faisaliyah Center King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 (11) 2993800 Fax: +966 (11) 2993840 Website: www.jpmorgansaudiarabia.com Email: BinDawood_JPM_Syndicate@jpmorgan.com
GIB Capital 4th floor, Low Rise Building 1, Granada Business & Residential Park, Eastern Ring Road P.O. Box 89589, Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 (11) 511 2200 Fax: +966 (11) 511 2201 Website: www.gibcapital.com Email: customercare@gibcapital.com
NCB Capital Company Regional Building of the National Commercial Bank Tower B King Saud Road NCB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 11 874 7106 Fax: +966 12 606 2693 Website: www.alahlicapital.com Email: ncbc.cm@alahlicapital.com

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

- The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, they shall:
  - Sell and allocate the Offer Shares to Participating Parties or Individual Investors whose applications for Offer Shares have been accepted by the Receiving Agents.
  - Sell and allocate to the Underwriters (or as they may direct) the Offer Shares that are not purchased by Individual Investors or Participating Parties pursuant to the Offering.
- The Underwriters undertake to the Company and the Selling Shareholders that they will purchase any Offer Shares that are not subscribed for by Individual Investors or Participating Parties, as stated below:

Table (13-1): Underwritten Shares

Underwriters	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
NCB Capital Company	7,405,511	32.40%
GIB Capital	5,926,667	25.93%
J.P. Morgan Saudi Arabia	5,294,489	23.16%
Goldman Sachs Saudi Arabia	4,233,333	18.52%
Total	**22,860,000**	**100.0%**

14. UNDERWRITING COSTS

The Selling Shareholders will pay to the Underwriters, on a pro-rata basis to the number of Offer Shares sold, an underwriting fee based on the total value of the Offering and pay the Underwriters' costs and expenses in connection with the Offering on behalf of the Company.

15. EXPENSES

Selling Shareholders shall bear all costs associated with the Offer, which are estimated at approximately SAR 75,000,000 million. This figure includes the fees of each of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, legal advisors to the Company, Auditors, Receiving Agents, Market Study Consultant, and other Advisors, in addition to marketing, printing and distribution expenses and other related expenses. The expenses will be deducted from the proceeds of the Offering, with the Company not bearing any costs associated with the Offering.

16. COMPANY'S POST-LISTING UNDERTAKINGS

Post-Offering, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with all mandatory articles from the Corporate Governance Regulations immediately after Listing.
- Comply with the provisions of the Listing Rules regarding the Company's ongoing obligations immediately after Listing.
- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law and the Corporate Governance Regulations); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.

Accordingly, once listing is approved, Director undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining of any Related Party transactions in accordance with the Companies. Law and Corporate Governance Regulations.

17. WAIVERS

The Company has received an exemption from paragraph 2(b) of Article 7 of the Listing Rules from the CMA, which requires that the Shares that are the subject of the application that will be owned by the public shall not be less than 30% of the entire issued share capital of the issuer at the time of Listing.

18. SUBSCRIPTION TERMS AND CONDITIONS

The Company has made an application to the CMA for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the OSCOs.

All Subscribers must carefully read the subscription terms and conditions before completing their Subscription Application Form. Submission of a Subscription Form to the Lead Manager, any Bookrunner or Receiving Agent is deemed as an acceptance and approval of the Subscription Terms and Conditions.

18.1 Subscription to Offer Shares

The Offering will consist of 22,860,000 Shares with a fully paid nominal value of SAR 10 per Share, at an Offer Price of SAR 96 per Share. The Offer Shares represent 20.0% of the Company's issued capital with the total value of the Offering amounting to SAR 2,194,560,000. Note that the Offering to Individual Investors and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is 22,860,000 Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Bookrunners have the right to reduce the number of Shares initially allocated to Participating Parties to a minimum of 20,574,000 ordinary Shares, representing 90% of the total Offer Shares. The mechanism for allocating Offer Shares shall be adopted as the Financial Advisors deem appropriate in coordination with the Company and the Selling Shareholders, by using the discretionary allocation mechanism.

Tranche (B): Individual Investors:

This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account and is entitled to open an investment account with one of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million two hundred and eighty six thousand (2,286,000) Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. If Individual Investors did not fully subscribe for allocated shares, then the Financial Advisors and Lead Manager may reduce the number of shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.

18.2 Book-building and Subscription by Participating Parties

a- The Financial Advisors, in coordination with the Company and Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, by using the discretionary allocation mechanism.

b- Participating Parties registered in the Kingdom must submit requests to participate in the bookbuilding process by submitting Participating Parties Subscription Forms or Bid/Subscription Orders. Participating Parties not registered in the Kingdom must submit a Bid/Subscription Order to be part of the book-building process with the Bookrunners telephonically or electronically. Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said applications are amended by submitting a modified application form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period begins. The number of Offer Shares for each of the Participating Parties shall not be less than 100,000 shares, and no more than 5,714,999 shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Bookrunners shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin, with the Participating Parties (within and outside the Kingdom) filing the Participating Parties Subscription Form during the Offering Period, which also includes Individual Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

c- Once the bookbuilding process for Participating Parties is completed, the Financial Advisors shall announce the subscription percentage by Participating Parties.

d- The Financial Advisors and the Company shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement.

18.3 Subscription by Individual Investors

Each Individual Investor must submit a Retail Subscription Form and must subscribe in multiples of 10 (with a minimum subscription of 10 Offer Shares and a maximum subscription of 571,500 Offer Shares). Changes to or withdrawal of the Retail Subscription Form shall not be permitted once the Individual Investor Subscription Form has been submitted.

Retail Subscription Forms will be available during the Retail Offering Period on all Receiving Agents' websites offering such service. Retail Subscription Forms shall be completed in accordance with the instructions mentioned below. Individual Investors can also subscribe through the internet, mobile applications, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied:

a- the Individual Investor must have a bank account at a Receiving Agent which offers such services; and

b- there have been no changes to the personal information or data of the Individual Investor since his subscription in the last Offering.

A signed Retail Subscription Form must be submitted to any branches of the Receiving Agents representing a legally binding agreement between the Selling Shareholders and the relevant Individual Investor submitting it.

Individual Investors may obtain a copy of this Prospectus through the websites of the Company (www.bindawoodholding.com). The Prospectus shall also be available through the websites of CMA and the Financial Advisor. Following are the Receiving Agents' details:

Receiving Agents	
National Commercial Bank King Abulaziz Road PO Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966 (12) 649 3333 Fax: +966 (12) 643 7426 Website: www.alahli.com Email: contactus@alahli.com	NCB الأهلي

Receiving Agents	
Al Rajhi Bank Olaya Road PO Box: 28, Riyadh 11411 Kingdom of Saudi Arabia Tel.: +966 (11) 609 8888 Fax: +966 (11) 609 8881 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	Al Rajhi Bank مصرف الراجحي

The Receiving Agents will commence receiving Retail Subscription Forms at their branches offering such service for three (3) days commencing on Sunday 09/02/1442H (corresponding to 27 September 2020G) and ending on Tuesday 11/02/1442H (corresponding to 29 September 2020G). Once the Retail Subscription Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Investor with a copy of the completed Retail Subscription Form. In the event that the information provided in the Retail Subscription Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Retail Subscription Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Subscriptions by Individual Investors for less than 10 Offer Shares will not be accepted, noting that the maximum subscription is 571,500 Offer Shares. Increments are to be made in multiples of said number.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Retail Subscription Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 96 per Offer Share.

Retail Subscription Forms for Individual Investors should be submitted during the Retail Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

a- the original and copy of the Individual Investor's national civil identification card or residency identification card (in case of individuals, including GCC nationals, and non-Saudi Arabian national residents, as applicable);

b- the original and copy of the family civil identification card (when subscribing on behalf of family members);

c- the original and copy of a power of attorney (when subscribing on behalf of others);

d- the original and copy of certificate of guardianship (when subscribing on behalf of orphans);

e- the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);

f- the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and

g- the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Retail Subscription Form. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Saudi Arabian Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Retail Subscription Form should be completed for each primary Individual Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

a- all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;

b- the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and

c- the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Retail Subscription Forms must be used if:

a- the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;

b- dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; and

c- the wife subscribes in her name adding allocated Offer Shares to her account (she must complete a separate Retail Subscription Form from the Retail Subscription Form completed by the relevant primary Individual Investor). In the latter case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a primary Individual Investor subscribes for Shares for himself and other family members registered in his family book, and a family member submits a separate Retail Subscription Form, such family member's portion of the original application, and only his or her portion, will be cancelled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non–Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in its Retail Subscription Form, multiplied by the Offer Price of SAR 96 per share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

a- delivery by the Individual Investor of the Retail Subscription Form to any of the Receiving Agents; and

b- payment in full by the Individual Investor to the Receiving Agent of the number of the Offer Shares subscribed for in the Retail Subscription Form multiplied by the Offer Price.

Total subscribed Shares must be paid by the Individual Investor through the account of the Individual Investor at the Receiving Agent where the Subscription Form is submitted.

For clarity, holders of Offer Shares will be entitled to receive any dividends declared by the Company from (and including) the date of this Prospectus and subsequent financial years.

If a submitted Retail Subscription Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he has applied for.

18.4 Allocation and Refunds

The Lead Manager shall open and operate escrow accounts, for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Investors). Subscription monies shall be transferred to the Selling Shareholders only after listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, Receiving Agents shall deposit all amounts received from the Individual Investors into the escrow accounts which shall be specified in the Retail Subscription Form.

The Lead Manager and Receiving Agents, as applicable, shall notify Subscribers informing them of the final number of Offer Shares allocated, together with the amounts to be refunded.

Excess subscription monies, if any, will be refunded to the Individual Investors in whole without any deductions or fees and will be deposited in the Individual Investors' account as specified in the Subscription Application.

The announcement of the final allocation and refund process shall be made no later than 13/02/1442H (corresponding to 1 October 2020G) (for further details, see **"Key Dates and Subscription Procedures"**). Individual Investors should communicate with the Lead Manager or the branch of the Receiving Agents where they submitted their Retail Subscription Form, as applicable, for any further information.

18.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisors, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares for the Participating Parties, by using the discretionary allocation mechanism, after the allocation of Offer Shares to Individual Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than 22,860,000 Offer Shares representing 100% of the Offer Shares, and provided that the final allocation for Participating Parties shall not be less than 20,574,000 Offer Shares representing 90% of the Offer Shares.

Transfer of ownership of the Offer Shares will be valid only from the time when Participating Parties pay the costs thereof, that the Participating Parties are recorded in the Company's shareholders' register and the Shares have commenced trading on the Exchange, in accordance with the applicable laws and instructions regarding the trading of Saudi shares. If the trading of the Shares does not materialize or the Listing is cancelled prior to trading for any reason, the subscription moneys paid by the Participating Parties shall be refunded thereto and title to the Offer Shares shall be returned to the Selling Shareholders.

18.4.2 Allocation of Offer Shares to Individual Investors

The Financial Advisors and Lead Manager, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated Individual Investors. There will be an allocation of a maximum of 2,286,000 Ordinary Shares, representing (10%) of the Offer Shares, to Individual Investors, noting that the minimum allocation per Individual Investor is ten (10) Offer Shares and the maximum allocation per Individual Investor is 571,500 Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of each Investors application in proportion to the total number of requested Shares. In the event that the number of Individual Investors exceeds 228,600 Individual Investors, the minimum allocation cannot be guaranteed by the Company, and allocation will be determined in accordance with the recommendation made by the Company and Financial Advisors and the Selling Shareholders. The surplus, if any, would be refunded to Individual Investors without any commissions or deductions by the Receiving Agents.

18.5 Circumstances where Listing may be Suspended or Cancelled

18.5.1 Power to Suspend or Cancel Listing

a- The CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

 1- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.

 2- The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.

3- The Company does not pay any fees due to the CMA or the Exchange or penalties due to the CMA on time.

4- If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the market.

5- When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the source has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.

6- When information about the proposed transaction of reverse takeover is leaked and the issuer cannot accurately assess its financial position and the market cannot accurately assess its financial and the market cannot be informed accordingly.

7- Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.

8- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.

9- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiate liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.

10- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.

b- The Exchange shall suspend the trading of the securities of an issuer in any of the following cases:

1- When the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of OSCOs until its disclosure.

2- When the auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from opinion expressing is removed.

3- If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after listing, after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.

4- The issuance of a decision by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

18.5.2 Voluntary Cancellation of Listing

a- An issuer whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:

1- Specific reasons for the request for the cancellation;

2- A copy of the disclosure stating the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities, as described in (D) below;

3- A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of a takeover or other corporate action by the issuer; and

4- names and contract contact information of the financial advisor and legal advisor appointed according to the relevant implementing regulations.

b- The CMA may, at its discretion, approve or reject the cancellation request

c- Once approval from the CMA has been obtained for the cancellation of listing, an issuer must obtain the consent of its Extraordinary General Assembly.

d- Where cancellation is made at the issuer's request, the issuer must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities.

18.5.3 Temporary Trading Suspension

a- An issuer may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of that Issuer as soon as it receives the request.

b- Where a temporary trading suspension is made at the issuer's request, the issuer must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the event affecting the issuer's activities.

c- The CMA may impose a temporary trading suspension without a request from the issuer, where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to temporary trading suspension must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.

d- The Exchange may recommend to the CMA to practice its powers in accordance with the above paragraph, if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.

e- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified above, unless the CMA or Tadawul decides otherwise.

18.5.4 Lifting of Suspension

Lifting of trading suspension is subject to the following:

- adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- that lifting the suspension is unlikely to affect the normal activity of the Exchange; and
- the issuer complies with any other conditions that the CMA may require.
- In the event that the suspension is due to the fact the Company's accumulated losses reaches 50% or more of its capital as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Company in accordance with the law issued by the competent authority and governing the Company's activities.
- In the event that the suspension was due to an issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six months with no appropriate procedure made by the issuer to correct such suspension, the CMA may cancel the listing of issuer.

18.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the listing rules, and fulfil the relevant requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

18.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are publicly offered and listed:

- the Company's Board of Directors resolution approving the Offering dated 6 January 2020G;
- the CMA's announcement on the approval of the application for listing and offering securities dated 09/11/1441H (corresponding to 30 June 2020G); and
- the Exchange's (Tadawul) conditional listing approval.

18.7 Lock-up Period

The Company may not issue any Shares in the same class as those already listed for a period of six-months, and the Substantial Shareholders referred to on page L of this Prospectus for a period of 24 months may not dispose of any of their Shares, in each case from the date on which trading of the Shares commences on the Exchange. Following the Lock-up Period (as applicable), the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

18.8 Acknowledgments by Subscribers

By completing and delivering the Retail Subscription Application, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the Retail Subscription Application;
- warrants that he/she has read and carefully examined this Prospectus and understood all its content;
- accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Retail Subscription Application, and subscribes in the Offer Shares accordingly;
- declares that he has not previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Retail Subscription Application; and
- warrants not to cancel or amend the Retail Subscription Application, after submitting it to the Lead Manager or the Receiving Agent. For additional information about the allocation process and surplus refund, please refer to Section 18.4 ("**Allocation and Refund**").

18.9 Shares' Record and Trading Arrangements

Tadawul shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

18.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00a.m. The said times are subject to change during the month of Ramadan and they are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Issuers are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

18.11 Trading in the Shares

It is expected that trading in the Shares will commence after the final allocation of shares and Tadawul announcement of the start date of trading of the Shares. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the market. Moreover, QFIs will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with Authorized Persons to acquire, hold and trade in the Shares on the Exchange on behalf of a Foreign Investor. Authorized Persons shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Participating Parties' accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Participating Parties entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

18.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Financial Advisors/ Coordinators, Lead Manager and Underwriters require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's actual head office in Madinah Road, Jeddah, between 9:00 a.m. and 5:00 p.m. from 12/01/1442H (corresponding to 31 August 2020G) until 11/02/1442H (corresponding to 29 September 2020G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- The Company's Board resolution approving the Offering.
- Company's Bylaws and amendments thereto.
- Company's articles of association and amendments thereto.
- Company's commercial registration certificate issued by MOC.
- Company's audited consolidated financial statements for financial year ended 31 December 2017G prepared in accordance with Saudi GAAP and Company's audited consolidated financial statements for financials year ended 31 December 2018G and 31 December 2019G, prepared in accordance with IFRS-KSA, and the unaudited interim condensed consolidated financial statements for the period ended 30 June 2020G, prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and statements that are approved by the Saudi Organization for Certified Public Accountants.
- Market study prepared by the Market Research Consultant.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
- Letters of consent from each of:
  1- The Financial Advisors, Lead Manager, Bookrunners and Underwriters (Goldman Sachs Saudi Arabia, J.P. Morgan Saudi Arabia, GIB Capital and NCB Capital Company) for the inclusion of their respective names, logos and statements in this Prospectus.
  2- EY, for the inclusion in this Prospectus, of its name and logo, as auditor of the Company for the consolidated financial statements for the financial year ended 31 December 2017G prepared in accordance with Saudi GAAP; and the consolidated financial statements for the financial years ended 31 December 2018G and 31 December 2019G prepared in accordance with IFRS-KSA.
  3- The Financial Due Diligence Advisor (KPMG) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  4- The Market Research Consultant (Euromonitor International Limited) for the inclusion of its name, logo and declarations in this Prospectus.
  5- The Legal Advisor (Abdulaziz I. Al Ajlan and Partners), for the inclusion of its name and logo in this Prospectus.
- Contracts and agreements disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") hereof.
- Underwriting Agreement.
- Document clarifying the mechanism relied upon to determine the price range used in the bookbuilding process.
- Document containing certain forward-looking statements in relation to certain financial items of the Company.
- Document summarizing the update related to the financial and commercial information of the first half of the Company's financial year ending 31 December 2020G.

20. CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORTS

This section contains:

1- Audited consolidated financial statements for FY17G, together with accompanying notes, which have been prepared in accordance with Saudi GAAP;

2- Audited consolidated financial statements for FY18G and FY19G, together with the accompanying notes, which have been prepared in accordance with IFRS-KS;A and

3- The unaudited interim consolidated interim financial statements for the six-month period ended 30 June 2020G, prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are approved by the Saudi Organization for Certified Public Accountants.

BIN DAWOOD HOLDING COMPANY
(A CLOSED JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2020

EY
Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

Registration No. 45/11/323
C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 221 8575

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BIN DAWOOD HOLDING COMPANY (A CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bin Dawood Holding Company (A Closed Joint Stock Company) (the "Company" or "the Parent Company") and its subsidiaries (the "Group") as at 30 June 2020, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-month and six-month periods ended 30 June 2020, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The comparative information in the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and related notes, has not been reviewed by us and is presented for comparative purposes only.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

27 August 2020 G
08 Muharram 1442H

Jeddah

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Bin Dawood Holding Company (A Closed Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2020

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2020 SR	2019 SR	2020 SR	2019 SR
			(Unreviewed) (note 2.1)		(Unreviewed) (note 2.1)
Revenue	10	**1,547,593,492**	1,306,612,919	**2,960,806,334**	2,427,092,368
Cost of revenue		**(1,043,473,722)**	(888,734,820)	**(2,004,239,928)**	(1,651,679,873)
GROSS PROFIT		**504,119,770**	417,878,099	**956,566,406**	775,412,495
Selling and distribution expenses		**(247,921,421)**	(263,400,535)	**(515,378,296)**	(507,180,196)
General and administration expenses		**(45,951,161)**	(31,196,515)	**(82,245,270)**	(53,618,187)
Other operating income		**2,663,674**	3,067,468	**5,545,211**	6,231,662
OPERATING PROFIT		**212,910,862**	126,348,517	**364,488,051**	220,845,774
Other income		**778,469**	1,613,798	**1,942,555**	2,692,750
Finance cost on lease liabilities		**(23,515,531)**	(24,096,991)	**(46,759,798)**	(48,360,979)
PROFIT FOR THE PERIOD BEFORE ZAKAT		**190,173,800**	103,865,324	**319,670,808**	175,177,545
Zakat	8	**(4,754,600)**	(2,225,844)	**(7,992,731)**	(4,388,844)
PROFIT FOR THE PERIOD		**185,419,200**	101,639,480	**311,678,077**	170,788,701
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**185,419,200**	101,639,480	**311,678,077**	170,788,701
EARNINGS PER SHARE ("EPS")					
Earnings per share attributable to ordinary equity holders of the Parent Company (basic and diluted)	9	**1.62**	0.89	**2.73**	1.49

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		**882,461,223**	940,398,846
Intangible assets		**230,062**	193,133
Right-of-use assets	5	**2,357,692,890**	2,356,831,705
TOTAL NON-CURRENT ASSETS		**3,240,384,175**	3,297,423,684
CURRENT ASSETS			
Inventories		**814,704,129**	918,983,808
Trade and other receivables		**212,632,459**	227,966,901
Prepayments and advances		**76,478,678**	84,249,194
Due from related parties	6	**2,412,609**	-
Cash and bank balances		**532,045,442**	214,950,268
TOTAL CURRENT ASSETS		**1,638,273,317**	1,446,150,171
TOTAL ASSETS		**4,878,657,492**	4,743,573,855
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**1,143,000,000**	1,143,000,000
Statutory reserve	7	**42,487,003**	42,487,003
Retained earnings		**222,544,315**	866,238
TOTAL EQUITY		**1,408,031,318**	1,186,353,241
NON-CURRENT LIABILITIES			
Employees' terminal benefits		**99,216,252**	91,886,141
Lease liabilities	5	**2,266,788,242**	2,297,444,070
TOTAL NON-CURRENT LIABILITIES		**2,366,004,494**	2,389,330,211
CURRENT LIABILITIES			
Due to related parties	6	**16,269,360**	12,386,752
Accounts payable, accruals and other financial liabilities		**794,306,269**	883,624,722
Unearned income and other payable		**17,683,488**	35,319,190
Lease liabilities – current portion	5	**266,179,282**	220,994,425
Zakat payable	8	**10,183,281**	15,565,314
TOTAL CURRENT LIABILITIES		**1,104,621,680**	1,167,890,403
TOTAL LIABILITIES		**3,470,626,174**	3,557,220,614
TOTAL EQUITY AND LIABILTIES		**4,878,657,492**	4,743,573,855

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six-month period ended 30 June 2020

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2019 (audited)	530,000,000	129,693,833	354,750,911	1,014,444,744
Profit for the period	-	-	170,788,701	170,788,701
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	170,788,701	170,788,701
Dividend	-	-	(200,000,000)	(200,000,000)
Balance as at 30 June 2019 (unreviewed – note 2.1)	530,000,000	129,693,833	325,539,612	985,233,445
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
Dividend (note 7(c))	-	-	(90,000,000)	(90,000,000)
Balance as at 30 June 2020	**1,143,000,000**	**42,487,003**	**222,544,315**	**1,408,031,318**

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2020

	Note	For six-month period ended 30 June	
		2020 SR	2019 SR
			(Unreviewed) (note 2.1)
OPERATING ACTIVITIES			
Profit for the period before zakat		**319,670,808**	175,177,545
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation on property and equipment		**82,418,596**	80,666,729
Depreciation - right-of-use assets	5	**132,129,189**	129,797,346
Amortization of intangible assets		**131,561**	72,428
Finance cost on lease liabilities	5	**46,784,784**	48,390,207
Loss / (gain) on disposal of property and equipment		**120,818**	(260,602)
Provision for employees' terminal benefits		**10,692,737**	10,228,714
Gain on termination of lease liability		**(475,313)**	-
		591,473,180	444,072,367
Working capital adjustments:			
Trade and other receivables, prepayments and advances		**23,104,958**	(11,548,573)
Inventories		**104,279,679**	56,767,838
Accounts payable, accruals and other liabilities		**(106,954,155)**	(23,157,621)
Due from related parties		**(2,412,609)**	(1,475,451)
Due to related parties		**3,882,608**	14,925,119
Cash from operations		**613,373,661**	479,583,679
Zakat paid	8	**(13,374,764)**	(423,790)
Employees' terminal benefits paid		**(3,362,626)**	(2,381,290)
Net cash from operating activities		**596,636,271**	476,778,599
INVESTING ACTIVITIES			
Purchase of property and equipment		**(24,631,408)**	(18,444,061)
Purchase of intangible assets		**(168,490)**	-
Proceeds from disposal of property and equipment		**29,617**	591,957
Net cash used in investing activities		**(24,770,281)**	(17,852,104)
FINANCING ACTIVITIES			
Dividend paid		**(90,000,000)**	(200,000,000)
Payment of lease liabilities (including prepayments)		**(164,770,816)**	(194,891,723)
Net cash used in financing activities		**(254,770,816)**	(394,891,723)
Net increase in cash and bank balances		**317,095,174**	64,034,772
Cash and bank balances at the beginning of the period		**214,950,268**	122,886,866
Cash and bank balances at the end of the period		**532,045,442**	186,921,638
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets	5	**154,450,194**	2,616,426,545
Lease liabilities	5	**146,818,108**	2,728,001,330

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Bin Dawood Holding Company (the "Company" or the "Parent Company") is a Closed 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 and Investment announced the formation of Closed Joint Stock company on 22 Shawwal 1438 H (corresponding to 16 July 2017). The Parent Company is fully owned by GCC nationals.

The registered office of the Company is located at 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.

The interim condensed consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (see note 2.3), hereinafter referred to as (the "Group").

The Group is engaged in retail trading of foodstuff and household items, operating bakeries and restaurant for foodstuff.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Basis of preparation

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

These interim condensed consolidated 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.

The corresponding numbers in the interim condensed consolidated statement of profit or loss and other comprehensive income and related notes, for the three-month and six-month periods ended 30 June 2019, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period ended 30 June 2019 are presented for comparative purposes only and are unreviewed.

2.2 Statement of compliance

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

These interim condensed consolidated 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 2019. In addition, results for the interim period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020 (refer to note 2.4 below).

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

2.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 June 2020. 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 interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of 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 subsidiary 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.

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 interim condensed consolidated statement of profit or loss. Any investment retained is recognised at fair value.

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

2.3 Basis of consolidation (continued)

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

Name	City of incorporation	Principle field of activity	% of capital held (directly & indirectly)	
			2020	**2019**
Bin Dawood Superstores Trading Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Star for Bakeries and Marketing Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Wholesale of bakery and related products to commercial supermarkets.	**100%**	100%

With effect from 1 January 2020, Danube Star for Bakeries and Marketing Company (A Limited Liability Company) acquired a fruit and vegetable division from a Group's affiliate, namely Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment. The assets and liabilities on the date of acquisition were insignificant to the Group financial statements.

2.4 Significant accounting judgements, estimates and assumptions

Outbreak of novel coronavirus ("COVID-19")

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, supplier incentives etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

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

2.4 Significant accounting judgements, estimates and assumptions (continued)

Progressive rebate incentives

The Group receives incentives from its suppliers based on the volume of the business during the year, that are subject to negotiations. The underlying contracts with the suppliers are negotiated throughout the year and not necessarily be available at the time of interim financial reporting. The management exercises professional judgement to assess and estimate the amount of incentives. Such assessment and judgment involves consideration of factors, including prevailing industry practices, continuing suppliers' relationships, business performance during the year, historical trends and auto renewal nature of agreements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and effect of these changes are disclosed below:

3.1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

3.2 Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.3 Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

4. 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 one operating segment, 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.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period/ year:

	Six-month period ended 30 June 2020		Year ended 31 December 2019	
	Right-of-use assets	Lease liabilities	Right-of-use assets	Lease liabilities
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
At the beginning of the period/ year	**2,356,831,705**	**2,518,438,495**	2,588,242,618	2,700,817,403
Addition	**154,450,194**	**146,818,108**	28,183,927	27,183,927
Termination	**(21,459,820)**	**(21,935,133)**	-	-
Depreciation	**(132,129,189)**	**-**	(259,594,840)	-
Interest expense	**-**	**46,784,784**	-	95,858,849
Payments	**-**	**(157,138,730)**	-	(305,421,684)
	2,357,692,890	**2,532,967,524**	2,356,831,705	2,518,438,495
Less: current portion of lease liabilities	**-**	**(266,179,282)**	-	(220,994,425)
At the end of the period/ year	**2,357,692,890**	**2,266,788,242**	2,356,831,705	2,297,444,070

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group. The following are the details of major related party transactions during the period:

Related party	Nature of transaction	Transactions for the three-month period ended 30 June		Transactions for the six-month period ended 30 June	
		2020 SR	2019 SR (Unreviewed) "Restated"	2020 SR	2019 SR (Unreviewed) "Restated"
Affiliates	Purchase of goods	**10,011,883**	10,137,842	**23,924,836**	30,639,872
	Lease payments (principal and interest)	**48,752,475**	51,055,975	**66,053,500**	68,857,000
	Rent charged to affiliates	**303,505**	360,607	**593,055**	728,714
	Goods transferred to affiliates	**344,282**	2,041,110	**675,362**	2,041,110
	Shared service fee charged to affiliates	**500,000**	-	**1,000,000**	-
	Online sales commission charged by affiliates	**2,597,548**	-	**4,514,074**	-

As mentioned in note 2, the assets and liabilities of a division of an affiliate were acquired by a subsidiary of the Company with a net book value amounting to nil.

The lease liabilities as disclosed in note 5, as at 30 June 2020, includes an amount of SR 321,949,178 which relates to lease arrangements entered by the Group with its related parties.

Key management compensation

Compensation for key management is as follows:

		Transactions for the three-month period ended 30 June		Transactions for the six-month period ended 30 June	
		2020 SR	2019 SR (Unreviewed)	2020 SR	2019 SR (Unreviewed)
Directors	Board of Directors remuneration	**425,609**	375,000	**862,609**	750,000
Management personnel	Salaries and other benefits	**12,950,370**	7,018,508	**20,116,483**	14,037,016
	End of service benefits	**2,952,148**	290,968	**3,434,114**	581,936

As at 30 June 2020, the outstanding amount due to key management personnel was SR 1.86 million (31 December 2019: SR 1 million).

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due from related parties	30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	**924,513**	-
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishment	**1,488,096**	-
	2,412,609	-

Due to related parties	30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
Safa Company Limited for Household Ware	**13,712,130**	8,874,780
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	562,114
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	1,613,639
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishment	**1,537,343**	1,065,324
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	270,895
International Application Company Limited	**1,019,887**	-
	16,269,360	12,386,752

The Company has restated its disclosure of related party transactions and balances with respect to lease liabilities with related parties and included the following as part of its related party disclosure:

The lease liabilities as disclosed in note 5, as at 31 December 2019, includes an amount of SR 399,785,758 which relates to lease arrangements entered by the Group with its related parties. The rent charged by affiliates of SR 68,857,000 for the year ended 31 December 2019 represents lease payments (principal and interest) during the year.

7. EQUITY

A- Share capital

As at 30 June 2020 and 31 December 2019, the share capital of the Parent Company is divided into 114,300,000 shares of SR 10 each and distributed among the shareholders as follows:

Name of shareholders	Nationality	Holding	No. of shares	Amount SR
Akasiya Star Trading Company Limited	Saudi	84.465%	96,543,495	965,434,950
Abdullah Bin Dawood Sons and Company Limited	Saudi	8.535%	9,755,505	97,555,050
Commercial Growth Development Company Limited	Saudi	7%	8,001,000	80,010,000
		100%	114,300,000	1,143,000,000

B- Statutory reserve

In accordance with the Companies' Regulation, the Parent Company must set aside 10% of its net income in each year to a statutory reserve until the reserve equals 30% of the share capital. The reserve is not available for distribution.

C- Dividends

The Board of Directors of the Company have approved an interim dividend of SR 90 million (SR 0.79 per share) which has been paid in cash during the period.

8. ZAKAT

The Parent Company has obtained an approval from 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:

	Six-month period ended 30 June 2020 SR	31 December 2019 SR
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	**15,565,314**	6,571,747
Charge for the period / year	**7,992,731**	11,192,342
Payments during the period / year	**(13,374,764)**	(2,198,775)
At the end of the period / year	**10,183,281**	15,565,314

The subsidiaries along with the parent company 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 2019 has already been submitted. The Parent Company has obtained the zakat certificate until 31 December 2019.

There is no change in status of assessments as disclosed in annual consolidated financial statements for the year ended 31 December 2019.

9. EARNINGS PER SHARE

The earnings per share calculation is given below:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	SR	SR	SR	SR
		(Unreviewed)		(Unreviewed)
Profit for the period	**185,419,200**	101,639,480	**311,678,077**	170,788,701
Number of ordinary shares	**114,300,000**	53,000,000	**114,300,000**	53,000,000
Effect of capitalisation	**-**	61,300,000	**-**	61,300,000
Weighted average number of ordinary shares for basic and diluted EPS	**114,300,000**	114,300,000	**114,300,000**	114,300,000
Earnings per share – basic and diluted	**1.62**	0.89	**2.73**	1.49

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

Basic and diluted earnings per share attributable to ordinary equity holders of the Parent Company for the year ended 31 December 2019 amounted to SR 3.67 per share (31 December 2018: SR 3.48 per share). The profit for the year ended 31 December 2019 amounted to SR 419,136,319 (31 December 2018: SR 397,836,146) and the weighted average number of ordinary shares for basic and diluted EPS as at 31 December 2019 are 114,300,000 (31 December 2018: 114,300,000).

10. SIGNIFICANT EVENT DURING THE PERIOD

Due to COVID 19 situation, the industry witnessed bulk buying by consumers during the lock down period. This resulted in significant growth in revenue. In addition, there were four new branches opened during the period under the name of subsidary.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The Group has outstanding letters of credit to import goods amounting to SR 8.85 million as at 30 June 2020 (31 December 2019: SR 15.92 million) and outstanding letters of guarantee amounting to SR 3.10 million at 30 June 2020 (31 December 2019: SR 2.35 million).

At 30 June 2020, the Group has future capital commitments amounting to nil (31 December 2019: SR 5.22 million). Further the Group has annual cancellable lease commitments totaling SR 3.13 million as at 30 June 2020 (31 December 2019: SR 11.94 million) relating to branch rentals.

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 538.5 million as at 30 June 2020 (31 December 2019: SR 538.5 million) to local banks in respect of banking facilities obtained within the Group.

12. FAIR VALUE OF ASSETS AND LIABILITIES

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. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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:

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

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.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 June 2020 and 31 December 2019, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

There were no movements between the levels during the period.

13. PRESENTATION AND RECLASSIFICATION

An amount of SR 32.3 million have been reclassified from "Trade and other receivables" to "Prepayments and advances" in the prior year's consolidated financial statements to enhance comparability with the current period's interim condensed consolidated financial statements. Such reclassification do not have any impact on profit or total equity.

14. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors on 27 August 2020, corresponding to 8 Muhurram 1442H.

BIN DAWOOD HOLDING COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019

Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

Registration No. 45/11/323
C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 221 8575

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS' OF BIN DAWOOD HOLDING COMPANY (A CLOSED SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Bin Dawood Holding Company (the "Company" or the "Parent Company") - a Closed Saudi Joint Stock Company, and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS' OF BIN DAWOOD HOLDING COMPANY (A CLOSED SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group Audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

6 Sha'aban 1441 H
30 March 2020

Jeddah
20/33/AIR

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	31 December 2019 SR	31 December 2018 SR
Revenue		**4,843,772,262**	4,554,153,793
Cost of revenue	24(a)	**(3,199,242,525)**	(3,001,302,332)
GROSS PROFIT		**1,644,529,737**	1,552,851,461
Selling and distribution expenses	7	**(1,006,788,369)**	(1,047,184,392)
General and administration expenses	8	**(130,873,961)**	(127,019,163)
Other operating income		**11,397,059**	12,993,865
OPERATING PROFIT		**518,264,466**	391,641,771
Other income		**7,864,075**	6,618,165
Finance cost on lease liabilities	10	**(95,799,880)**	-
PROFIT FOR THE YEAR BEFORE ZAKAT		**430,328,661**	398,259,936
Zakat charge	18	**(11,192,342)**	(423,790)
NET PROFIT FOR THE YEAR		**419,136,319**	397,836,146
OTHER COMPREHENSIVE (LOSS) / INCOME			
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:			
Re-measurement (loss) / gain on defined benefit plans	16	**(2,227,822)**	3,348,301
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**416,908,497**	401,184,447

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	31 December 2019 SR	31 December 2018 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	**940,398,846**	1,065,125,463
Intangible asset		**193,133**	572,269
Right-of-use assets	10	**2,356,831,705**	-
TOTAL NON-CURRENT ASSETS		**3,297,423,684**	1,065,697,732
CURRENT ASSETS			
Inventories	11	**918,983,808**	805,628,568
Trade and other receivables	12	**260,256,125**	156,561,301
Prepayments and advances	12	**51,959,970**	51,733,540
Due from related parties	14	**-**	1,685,390
Cash and cash equivalents	13	**214,950,268**	122,886,866
TOTAL CURRENT ASSETS		**1,446,150,171**	1,138,495,665
TOTAL ASSETS		**4,743,573,855**	2,204,193,397
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**1,143,000,000**	530,000,000
Statutory reserve	15	**42,487,003**	129,693,833
Retained earnings		**866,238**	354,750,911
TOTAL EQUITY		**1,186,353,241**	1,014,444,744
NON-CURRENT LIABILITIES			
Employees' terminal benefits	16	**91,886,141**	80,227,125
Lease liabilities	10	**2,297,444,070**	-
TOTAL NON-CURRENT LIABILITIES		**2,389,330,211**	80,227,125
CURRENT LIABILITIES			
Due to related parties	14	**12,386,752**	8,905,893
Accounts payable, accruals and other financial liabilities	17	**883,624,722**	1,059,316,819
Unearned income and other payable	17	**35,319,190**	34,727,069
Lease liabilities – Current portion	10	**220,994,425**	-
Zakat payable	18	**15,565,314**	6,571,747
TOTAL CURRENT LIABILITIES		**1,167,890,403**	1,109,521,528
TOTAL LIABILITIES		**3,557,220,614**	1,189,748,653
TOTAL EQUITY AND LIABILTIES		**4,743,573,855**	2,204,193,397

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2018	530,000,000	89,575,388	203,684,909	**823,260,297**
Net profit for the year	-	-	397,836,146	**397,836,146**
Other comprehensive income for the year	-	-	3,348,301	**3,348,301**
Total comprehensive income for the year	-	-	401,184,447	**401,184,447**
Transfer to statutory reserve	-	40,118,445	(40,118,445)	**-**
Dividend (note 15(c))	-	-	(210,000,000)	**(210,000,000)**
Balance at 31 December 2018	530,000,000	129,693,833	354,750,911	**1,014,444,744**
Net profit for the year	-	-	419,136,319	**419,136,319**
Other comprehensive loss for the year	-	-	(2,227,822)	**(2,227,822)**
Total comprehensive income for the year	-	-	416,908,497	**416,908,497**
Increase in share capital (note 15)	613,000,000	(129,120,462)	(483,879,538)	**-**
Transfer to statutory reserve	-	41,913,632	(41,913,632)	**-**
Dividend (note 15(c))	-	-	(245,000,000)	**(245,000,000)**
Balance at 31 December 2019	1,143,000,000	42,487,003	866,238	**1,186,353,241**

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	31 December 2019 SR	31 December 2018 SR
OPERATING ACTIVITIES			
Profit for the year before zakat		**430,328,661**	398,259,936
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation on property and equipment	9	**160,093,738**	155,523,434
Depreciation - right of use asset	10	**259,594,840**	-
Amortization of intangible assets		**379,136**	16,987
Finance cost on lease liabilities	10	**95,858,849**	-
Loss on disposal of property and equipment		**245,628**	272,728
Provision for employees' end of service benefits	16	**15,727,510**	15,075,165
		962,228,362	569,148,250
Working capital adjustments:			
Accounts receivables and prepayments		**(115,948,471)**	(62,815,290)
Inventories		**(113,355,240)**	(45,963,809)
Accounts payables, accruals and other liabilities		**(51,497,974)**	(58,429,633)
Due from related parties		**1,685,390**	(1,685,390)
Due to related parties		**3,480,859**	(1,011,884)
Cash from operations		**686,592,926**	399,242,244
Zakat paid	18	**(2,198,775)**	(10,742,049)
Employees' terminal benefits paid	16	**(6,296,316)**	(7,147,076)
Net cash from operating activities		**678,097,835**	381,353,119
INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(41,453,159)**	(144,031,971)
Purchase of intangible assets		**-**	(155,805)
Proceeds from disposal of property and equipment		**5,840,410**	1,065,225
Net cash used in investing activities		**(35,612,749)**	(143,122,551)
FINANCING ACTIVITIES			
Dividend paid		**(245,000,000)**	(210,000,000)
Payment of lease liabilities	10	**(305,421,684)**	
Net cash used in financing activities		**(550,421,684)**	(210,000,000)
Net increase in cash and cash equivalents		**92,063,402**	28,230,568
Cash and cash equivalents at the beginning of the year		**122,886,866**	94,656,298
Cash and cash equivalents at the end of the year		**214,950,268**	122,886,866
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets and lease liabilities	4.1	**2,577,215,401**	-
Increase in share capital	15(a)	**613,000,000**	-
Actuarial (loss) / gain on defined benefit obligation	16	**(2,227,822)**	3,348,301
Prepayments transferred to right of use asset		**(12,027,217)**	-
Lease equalisation liability adjusted to right of use asset		**(123,602,002)**	-

The accompanying notes 1 to 25 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Bin Dawood Holding Company (the "Company" or the "Parent Company") is a Closed 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 and Investment announced the formation of Closed Joint Stock company on 22 Shawwal 1438 H (corresponding to 16 July 2017). The Parent Company is fully owned by GCC nationals.

The registered office of the Company is located in Makkah, Kingdom of Saudi Arabia.

The Group is engaged in retail trading of foodstuff and household items.

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.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (see note 2.3), hereinafter referred to as (the "Group").

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Basis of preparation

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

These consolidated financial statements are presented in Saudi Riyals (SR), which is also the Parent Company's functional and presentation 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.

2.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRSs endorsed in KSA").

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2019. 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 rights

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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.3 Basis of consolidation (continued)

Income and each component of 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 subsidiary 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.

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 consolidated statement of profit or loss. Any investment retained is recognised at fair value.

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

Name	City of incorporation	Principle field of activity	% of capital held (directly & indirectly)	
			2019	2018
Bin Dawood Superstores Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Star for Bakeries and Marketing Company Limited	Jeddah, Saudi Arabia	Engaged in operating bakeries and restaurant for foodstuff	100%	100%

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Sensitivity analyses disclosure (notes 16)
- Financial instruments risk management (note 21)
- Capital management (note 22)

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Going concern

The Group's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets and their physical wear and tear. The management reviews the residual value and useful lives annually and future depreciation charges are adjusted where the management believes the useful lives differ from previous estimates.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Provision for stock losses

Provision is created for stock losses at branch level keeping in view various factors including actual result of stock takes, provision created for prior period and the actual sales for the period. The amount determined is provided for monthly and is adjusted for any change in factors, if required.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note 16.

Progressive rebate incentives

The Group receive additional incentives, including marketing allowances from its suppliers according to the volume of purchases during the year. The Group management relies on the exercise of professional judgment in determining whether such incentives are considered part of the purchase price of the product in estimating the recognition of such incentives. Such incentives are recognized in accordance with the contracts signed with suppliers and involves estimates that reflect the amount the Group expect to realize based on the value expected to be recovered.

Impairment of trade receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently in the preparation of these consolidated financial statements, except as mentioned in notes 3.15 and 4, in the preparation of these consolidated financial statements:

3.1 Current versus non-current classification

Assets

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES continued)

3.2 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in the consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Equipments	3 - 10 years
Motor vehicles	7.5 - 10 years
Furniture and fixtures and leasehold improvements	5 - 10 years
Computer	3 years

Capital work in progress

Capital work in progress represents assets under construction and improvements to the existing assets, recorded at cost less accumulated impairment losses, if any. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work in progress is not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

3. SIGNIFICANT ACCOUNTING POLICIES continued)

3.3 Intangible assets

The intangible assets represent the cost incurred on software used by the Group for its reporting and accounting system. The intangible acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the interim consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

Intangible assets are amortized over a period of 3 years.

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. SIGNIFICANT ACCOUNTING POLICIES continued)

3.4 Leases (continued)

Right-of-use assets

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the consolidated statement of income over the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Retail outlets - 5 to 25 years; and
- Employee accommodation - 1 to 8 years.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, refer note 3.8.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group’s capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of income.

Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognised in consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES continued)

3.5 Inventories

Inventories, which represents goods held for resale, are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs to sell. The cost of inventories comprises all costs of purchase, and other costs incurred in bringing the inventories to their existing location and condition. Cost of inventories is determined using weighted average method.

3.6 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

3.7 Financial Instruments

Financial assets

Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss and are expensed in consolidated statement of profit or loss and other comprehensive income.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents, due from related parties, trade receivables, staff receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any debt instrument designated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. Currently, the Group does not have any financial assets designated at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include accounts payable, accruals and other liabilities and due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as, described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Accounts payable and other liabilities

This category is relevant to the Group. After initial recognition, account payable and other liabilities are subsequently measured at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment of financial and non-financial assets

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Employees' benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the consolidated statement of profit or loss and other comprehensive income.

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Cash dividend

The Parent Company recognises a liability to pay a dividend when the distribution is authorised. As per the By-laws of the Parent Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.12 Zakat

The Group is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"). Zakat is provided for in accordance with the Saudi Arabian fiscal regulations. Provision for zakat is charged to the consolidated statement of profit or loss and other comprehensive income.

3.13 Revenue recognition

The Group is in business of the retail trading of foodstuff and household items. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.4.

Sale of goods

Revenue is income arising from the sale of goods in the ordinary course of the Group's activities, net of value added taxes, Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods (commonly at the store checkout for the sales via the Group's stores). Revenue from sale of goods is recorded at the fair value of consideration received or receivable, net of returns and allowances and trade discounts.

The products on sale in the Group's stores are sold with a right of return and the return period is limited based on the Group's general conditions of sale.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Other operating income

The Group leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item.

3.15 Expenses

Cost of revenue

Cost of revenue includes the direct costs incurred to bring the goods in the saleable condition. Rebates, compensation, other incentives and earned benefits from supplier (collectively referred to as “suppliers' support”) are recognized when earned by the Group; which occurs when all obligations to earn suppliers' support have been discharged and can be measured reliably. The suppliers' support are recognized as a credit within cost of sales. Refer to note 24, in respect of change in policy for certain suppliers' support.

The suppliers' support relating to inventories which are held by the Group at the reporting date is recognized in cost of sales upon sale of those inventories.

Amounts due relating to suppliers' support are recognized within trade and other receivables, except in cases where the Group currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognized.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses. For the purpose of presentation, all promotional income which comprises of income earned from promotion of various products within the Group 's retail stores are netted off with selling and distribution expenses.

General and Administrative expenses

These pertain to operation expenses which are not directly related to the sale of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses. Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Group. As per the bye-laws of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

During the year, the Group has adopted for the first time IFRS 16 Leases, the nature and effect of this change is described below:

4.1 IFRS 16

The Group applies, for the first time, IFRS 16 Leases. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease, SIC-15 operating leases-incentives and SIC-27 evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has adopted IFRS 16 from its mandatory adoption date 1 January 2019 using the modified retrospective approach as permitted under the specific transition provisions in the standard. As a result, comparatives of the year ended 31 December 2018 are not restated.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase / (decrease)) is as follows:

	1 January 2019
Assets	
Right-of-use assets	**2,588,242,618**
Prepayments	**(11,027,217)**
Total assets	**2,577,215,401**
Liabilities	
Lease liabilities	**2,700,817,403**
Lease equalisation liability	**(123,602,002)**
	2,577,215,401
Total adjustments on equity	**-**

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

4.1 IFRS 16 (continued)

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group has not used the practical expedient of applying IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4. In adopting IFRS 16, the Group has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months as at 1 January 2019;
- exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2019.

The following table shows reconciliation of operating lease commitments under IAS 17 to lease liability under IFRS 16 as on 1 January 2019:

	1 January 2019
Operating lease commitments as at 31 December 2018	**3,466,364,898**
Weighted average incremental borrowing rate as at 1 January 2019	**3.66%**
Discounted operating lease commitments as at 1 January 2019	**2,705,388,468**
Less: Commitments relating to short term leases	**4,571,065**
Lease liabilities as at 1 January 2019	**2,700,817,403**

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

4.2 Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Group.

4.3 Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

4.4 Annual Improvements 2015-2017 Cycle

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Group will not be affected by these amendments on the date of transition.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

5.1 Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

5.2 Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020, with early application permitted. The amendments to the definition of material is not expected to have a significant impact on the Group's financial statements.

5.3 Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments apply to annual periods beginning on or after 1 January 2020 and must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. These amendments are not applicable to the Group.

6. 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 one operating segment, 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, assets and segment liabilities are neither included in the internal management reports nor provided regularly to the management.

7. SELLING AND DISTRIBUTION EXPENSES

	31 December 2019 SR	31 December 2018 SR
Employee costs	**366,960,677**	358,781,145
Depreciation on leased assets (note 10 (c))	**256,139,570**	-
Depreciation (note 9(b))	**155,274,881**	151,720,002
Utilities	**99,728,176**	110,458,996
Packaging cost	**34,855,920**	44,271,267
Repairs and maintenance	**16,008,025**	19,911,047
Advertising cost	**12,582,920**	3,814,641
Rent	**9,363,604**	305,147,725
Other	**55,874,596**	53,079,569
	1,006,788,369	1,047,184,392

8. GENERAL AND ADMINISTRATION EXPENSES

	31 December 2019 SR	31 December 2018 SR
Employee costs	**82,946,243**	70,458,099
Management remuneration (note 14)	**16,500,000**	29,600,000
Depreciation (note 9(b))	**4,213,880**	3,803,432
Depreciation on leased asset (note 10 (c))	**3,175,114**	-
Repairs and maintenance	**4,330,143**	3,285,702
Insurance	**2,258,615**	1,779,032
Rents	**1,157,990**	4,996,236
Utilities	**1,490,394**	1,281,648
Directors' remuneration (note 14)	**1,500,000**	400,000
Other	**13,301,582**	11,415,014
	130,873,961	127,019,163

9. PROPERTY AND EQUIPMENT

	Equipment SR	Motor vehilces SR	Furniture, fixtures and leasehold improvements SR	Computer SR	Capital work in progress SR	Total 31 December 2019 SR
Cost:						
At the beginning of the year	844,732,930	55,356,056	757,225,877	60,603,012	148,267,027	**1,866,184,902**
Additions	12,424,923	2,193,846	5,301,454	701,563	20,831,373	**41,453,159**
Disposals	(7,192,802)	(2,987,800)	(231,204)	-	-	**(10,411,806)**
Written-off	(5,236,429)	(62,661)	-	-	-	**(5,299,090)**
Transfers from CWIP	29,582,030	-	22,772,775	1,301,073	(53,655,878)	**-**
Transfers	(8,774,864)	-	8,774,864			
At the end of the year	865,535,788	54,499,441	793,843,766	62,605,648	115,442,522	**1,891,927,165**
Depreciation:						
At the beginning of the year	401,155,429	40,488,960	310,751,929	48,663,121	-	**801,059,439**
Charge for the year	77,607,792	2,312,329	72,149,376	8,024,241	-	**160,093,738**
Relating to disposals	(2,009,384)	(2,770,753)	(126,997)	-	-	**(4,907,134)**
Relating to written-off	(4,655,065)	(62,659)	-	-	-	**(4,717,724)**
Transfers	(2,931,212)		2,931,212	-	-	**-**
At the end of the year	469,167,560	39,967,877	385,705,520	56,687,362	-	**951,528,319**
Net book value:						
At 31 December 2019	**396,368,228**	**14,531,564**	**408,138,246**	**5,918,286**	**115,442,522**	**940,398,846**

a- Capital work in progress mainly represents the cost of setting up new retail outlets and the improvements and upgrades of existing ones.

9. PROPERTY AND EQUIPMENT (continued)

	Equipment	Motor vehicles	Furniture, fixtures and leasehold improvements	Computers	Capital work in progress	Total 2018
	SR	SR	SR	SR	SR	SR
Cost:						
At the beginning of the year	766,428,933	54,767,095	691,120,970	55,805,284	158,858,441	1,726,980,723
Additions	18,050,890	1,756,684	15,433,510	888,534	107,902,353	144,031,971
Disposals	(3,080,636)	(1,167,723)	(422,858)	(18,622)	-	(4,689,839)
Written-off	(137,953)	-	-	-	-	(137,953)
Transfer	63,471,696	-	51,094,255	3,927,816	(118,493,767)	-
At the end of the year	**844,732,930**	**55,356,056**	**757,225,877**	**60,603,012**	**148,267,027**	**1,866,184,902**
Depreciation:						
At the beginning of the year	329,089,957	39,235,044	241,455,691	39,245,152	-	649,025,844
Charge for the year	74,546,744	2,172,301	69,370,047	9,434,342	-	155,523,434
Relating to disposals	(2,360,952)	(918,385)	(73,809)	(16,373)	-	(3,369,519)
Relating to written-off	(120,320)	-	-	-	-	(120,320)
At the end of the year	**401,155,429**	**40,488,960**	**310,751,929**	**48,663,121**	**-**	**801,059,439**
Net book amounts:						
At 31 December 2018	**443,577,501**	**14,867,096**	**446,473,948**	**11,939,891**	**148,267,027**	**1,065,125,463**

a- Capital work in progress mainly represents the cost of setting up new retail outlets and the improvements and upgrades of existing ones.

9. PROPERTY AND EQUIPMENT (continued)

b- Depreciation charge has been allocated as follows:

	31 December 2019 SR	31 December 2018 SR
Cost of sales	**604,977**	-
Selling and distribution expenses (note 7)	**155,274,881**	151,720,002
General and administration expenses (note 8)	**4,213,880**	3,803,432
	160,093,738	155,523,434

10. LEASES

The Group has lease contracts for various assets used in its operations. Leases of retail outlets and employee accommodation generally have lease terms between 5 to 25 years and 1 to 8 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of accommodation buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a- Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Retail outlets SR	Employee accomodation SR	Total SR
As at 1 January 2019 (note 4.1)	2,471,484,538	116,758,080	**2,588,242,618**
Additions	28,183,927		**28,183,927**
Depreciation expense	(244,503,499)	(15,091,341)	**(259,594,840)**
As at 31 December 2019	**2,255,164,966**	**101,666,739**	**2,356,831,705**

10. LEASES (continued)

b- Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019 SR
As at 1 January (note 4.1)	**2,700,817,403**
Additions	**27,183,927**
Accretion of interest	**95,858,849**
Payments	**(305,421,684)**
As at 31 December 2019	**2,518,438,495**
Less: Current portion	**220,994,425**
Non-current	**2,297,444,070**

The following are the amounts recognised in profit or loss:

	2019 SR
Depreciation expense of right-of-use assets (see note “c” below)	**259,594,840**
Interest expense on lease liabilities (see note “d” below)	**95,858,849**
Expense relating to short-term leases	**4,010,853**
Variable lease payments	**1,776,241**
Total amount recognised in consolidated statement of income	**361,240,783**

c- The depreciation expense of right-of-use assets for the year has been allocated as follows:

	2019 SR
Cost of revenue	**280,156**
Selling and distribution expenses (note 7)	**256,139,570**
General and administrative expenses (note 8)	**3,175,114**
	259,594,840

d- The interest expense on lease liabilities of SR 58,969 has allocated through cost of revenue.

The Group had total cash outflows for leases of SR 305.42 million in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of SR 27.18 million in 2019. The future cash outflows relating to leases that have not yet commenced are disclosed in note 19.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The maturity analysis of lease liabilities are disclosed in note 21.

11. INVENTORIES

	31 December 2019 SR	31 December 2018 SR
Finished goods	**904,094,710**	789,798,696
Raw materials	**5,427,095**	7,153,929
Packing material	**9,462,003**	8,675,943
	918,983,808	805,628,568

Inventories costing amounting to SR 3,138.2 million (31 December 2018: SR 2,927.4) is charged to cost of revenue during the year ended 31 December 2019. Further, an amount of SR 68.5 million (31 December 2018: SR 85.1 million) was recognised as an expense for the write-down of inventories.

12. ACCOUNTS RECEIVABLES AND PREPAYMENTS

A- Financial assets

	31 December 2019 SR	31 December 2018 SR
Trade accounts receivable	**75,359,793**	41,354,551
Employee advances	**7,178,391**	5,538,074
Other receivables	**177,717,941**	109,668,676
	260,256,125	156,561,301

As at 31 December 2019 and 31 December 2018, none of the trade receivables of the Group were impaired. Further, none of the receivables of the Group were past due, more than normal collection cycle. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

B- Non-financial assets

	31 December 2019 SR	31 December 2018 SR
Prepayments	**44,864,591**	49,319,026
Advances to suppliers	**7,095,379**	2,414,514
	51,959,970	51,733,540

13. CASH AND CASH EQUIVALENTS

	31 December 2019 SR	31 December 2018 SR
Cash in hand	**10,249,624**	10,439,500
Bank balances	**204,700,644**	112,447,366
	214,950,268	122,886,866

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group.

In the normal course of its activities, the Group transacts business with its related parties. These transactions are entered into on normal commercial terms and on arm's length basis. The following are the details of major related party transactions during the year:

Related party	Nature of transaction	Amount of transactions	
		31 December 2019 SR	31 December 2018 SR
Affiliates	Purchase of goods	**(78,964,675)**	(103,393,796)
	Rent charged by affiliates	**(68,857,000)**	(67,126,000)
	Rent charged to affiliates	**1,416,600**	1,478,258
	Expenses charged by affiliates	**-**	30,457
	Goods transferred to affiliates	**2,180,870**	553,889

Key management compensation

Compensation for key management is as follows:

		31 December 2019 SR	31 December 2018 SR
Partners	Management remuneration (note 8)	**16,500,000**	29,600,000
Directors	Board of Directors remuneration (note 8)	**1,500,000**	400,000
Management personnel	Salaries and other benefits	**12,294,764**	10,039,637
	End of service benefits	**1,191,370**	986,133

14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

As at 31 December 2019, the outstanding amount due to key management personnel was SR 1 Million (31 December 2018: SR 0.43 Million)

	31 December 2019 SR	31 December 2018 SR
Due from related parties		
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	1,503,655
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	165,482
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment	**-**	16,253
	-	1,685,390

	31December 2019 SR	31December 2018 SR
Due to related parties		
Safa Company Limited for Household Ware	**8,874,780**	8,392,405
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment	**562,114**	513,488
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	**1,613,639**	-
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishment	**1,065,324**	-
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishment	**270,895**	-
	12,386,752	8,905,893

15. EQUITY

A- Share capital

During the year, the shareholders of the Company resolved in Extraordinary General Assembly meeting held on 8 Rabi II 1441 (corresponding to 5 December 2019) to increase the Company's share capital from SR 530,000,000 to SR 1,143,000,000, through the transfer of SR 483,879,538 from the account of "retained earnings" and SR 129,120,462 from the account of "statutory reserve". The legal formalities in respect of such increase were completed during the year. As a result, the revised shareholding of the Company, as at 31 December 2019 was divided into 114,300,000 shares of SR 10 each and distributed among the shareholders as follows:

Name of Shareholders	Nationality	31 December 2019		
		Holding	No. of shares	Amount SR
Akasiya Star Trading Company Limited	Saudi	84.465%	96,543,495	**965,434,950**
Abdullah Bin Dawood Sons and Company Limited	Saudi	8.535%	9,755,505	**97,555,050**
Commercial Growth Development Company Limited	Saudi	7%	8,001,000	**80,010,000**
		100%	114,300,000	**1,143,000,000**

As at 31 December 2018, the share capital of the Company was divided into 53,000,000 shares of SR 10 each and distributed among the shareholders as follows:

Name of Shareholders	Nationality	31 December 2018		
		Holding	No. of shares	Amount SR
Akasiya Star Trading Company Limited	Saudi	84.465%	44,766,450	**447,664,500**
Abdullah Bin Dawood Sons and Company Limited	Saudi	8.535%	4,523,550	**45,235,500**
Commercial Growth Development Company Limited	Saudi	7%	3,710,000	**37,100,000**
		100%	53,000,000	**530,000,000**

B- Statutory reserve

In accordance with the Parent Company's Articles of Association. the Parent Company must set aside 10% of its net income in each year to a statutory reserve until the reserve equals 30% of the capital. The reserve is not available for distribution.

C- Dividends

The shareholders of the Company have approved dividend of SR 245 million (31 December 2018: SR 210 million), which has been paid in cash during the year.

16. EMPLOYEES' TERMINAL BENEFITS

General description of the plan

The Group operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the year ended is as follows:

	31 December 2019	31 December 2018
	SR	SR
Balance at the beginning of the year	**80,227,125**	75,647,337
Included in consolidated statement of profit or loss		
Current service cost	**13,029,747**	12,552,815
Interest cost	**2,697,763**	2,522,350
	15,727,510	15,075,165
Included in consolidated statement of other comprehensive income		
Actuarial loss / (gain)	**2,227,822**	(3,348,301)
Benefits paid	**(6,296,316)**	(7,147,076)
Balance at the end of the year	**91,886,141**	80,227,125

Allocation of end of service expense (current service cost and finance cost) between cost of revenue, selling and distribution expenses and general and administration expenses is as follows:

	31 December 2019	31 December 2018
	SR	SR
Cost of revenue	**692,363**	-
Selling and distribution expenses	**9,836,543**	13,115,872
General and administrative expenses	**5,198,604**	1,959,293
	15,727,510	15,075,165

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	31 December	31 December
	2019	2018
Discount rate	**3.3%**	3.50%
Future salary growth/expected rate of salary increase (%)	**2.8%**	3.00%
Mortality rate	**0.75 – 7.52 per Thousand**	0.75 – 7.52 per Thousand
Retirement age	**60years**	60 years

16. EMPLOYEES' TERMINAL BENEFITS (continued)

The quantitative sensitivity impact analysis for principal assumptions is as follows:

	31 December 2019 SR	31 December 2018 SR
Discount rate:		
+0.50% increase	**(3,912,417)**	(3,901,067)
-0.50% decrease	**2,915,929**	3,863,527
Salary increase rate:		
+0.50% increase	**3,168,555**	4,185,590
-0.50% decrease	**(3,918,037)**	(4,118,597)
Employee turnover rate:		
+10% increase	**(14,176)**	728,983
-10% decrease	**18,772**	(797,417)
Mortality rate:		
+10% increase	**52,482**	26,472
-10% decrease	**(33,391)**	(26,788)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the defined benefit obligation is 9.4 years (2018: 9.9 years).

The following is the breakup of the actuarial loss/(gain):

	2019	2018
	SR	SR
Financial assumptions	**-**	-
Demographic assumptions	**-**	-
Experience adjustments	**2,227,822**	(3,348,301)
	2,227,822	(3,348,301)

The following payments are expected to the defined benefit plan in future years:

	31 December 2019	31 December 2018
	SR	SR
Within the next 12 months (next annual reporting period)	**11,205,616**	8,398,315
Between 1 and 5 years	**38,898,049**	39,759,026
Between 5 and 10 years	**79,198,487**	90,215,531
Total expected payments	**129,302,152**	138,372,872

17. ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

A- Financial liabilities

	31 December 2019 SR	31 December 2018 SR
Trade accounts payable	**732,121,532**	674,917,227
Accrued and other liabilities	**151,503,190**	384,399,592
	883,624,722	1,059,316,819

B- Non-financial liabilities

	31 December 2019 SR	31 December 2018 SR
Unearned income	**12,563,294**	14,183,729
Other payable	**22,755,896**	20,543,340
	35,319,190	34,727,069

18. ZAKAT

The Parent Company has obtained an approval from GAZT for the consolidated filing of zakat return from the year ended 2016 onwards. Accordingly, zakat is assessed on consolidated basis effective from 2016.

Charge for the year

The zakat charge consists of:

	31 December 2019 SR	31 December 2018 SR
Provision for the year	**10,993,996**	423,790
Adjustment for prior year	**198,346**	-
	11,192,342	423,790

The provision is based on the following:

	31 December 2019 SR	31 December 2018 SR
Equity	**769,444,744**	728,603,999
Opening provision and other adjustments	**80,227,125**	68,500,261
Book value of non-current assets	**(940,591,979)**	(922,575,181)
	(90,920,110)	(125,470,921)
Zakatable income for the year	**439,759,855**	16,951,602
Zakat base	**439,759,855**	16,951,602

18. ZAKAT (continued)

The movement in the zakat provision for the year is as follows:

	31 December 2019 SR	31 December 2018 SR
Balance at the beginning of the year	**6,571,747**	16,890,006
Charge for the year	**11,192,342**	423,790
Payments during the year	**(2,198,775)**	(10,742,049)
At the end of the year	**15,565,314**	6,571,747

Status of assessments

The subsidiaries along with the parent company 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 2018 has already been submitted. The Parent Company has also obtained the zakat certificate until 31 December 2018.

Parent Company

Bin Dawood Holding Company — A Closed Saudi Joint Stock Company

The Parent Company has filed zakat declarations with the General Authority for Zakat and Tax (GAZT) for the period ended 31 December 2011 and for the years ended 31 December 2012 through 2018 and obtained zakat certificate. Subsequent to the year ended 31 December 2019, the Parent Company has finalized the zakat assessments for the period ended 31 December 2011 and for the years ended 31 December 2012 through 2018 with the GAZT by paying an additional zakat liability of SAR 2,512,710.

Subsidiaries

Bin Dawood Superstores Company — A Limited Liability Company:

Subsequent to the year ended 31 December 2019, the subsidiary has finalized the assessment for the years ended 31 December 2012 through 2015 with the GAZT by paying an additional zakat liability of SAR 895,341. Accordingly, all the years until 31 December 2015 has been finalized with the GAZT.

Danube Company for Foodstuffs and Commodities – A Limited Liability Company:

During the year ended 31 December 2018, the GAZT issued the revised assessment for the years 2010 through 2013 showing an additional liability of SR. 2,457,017. The subsidiary's management has finalized the aforementioned revised assessment with the GAZT by paying an additional zakat liability of SAR 1,774,985.

Subsequent to the year ended 31 December 2019, the subsidiary has finalized the assessments for the years ended 31 December 2014 & 2015 with the GAZT by paying an additional zakat liability of SAR. 907,983. Accordingly, all years until 31 December 2015 has been finalized with the GAZT.

Danube Star for Bakeries and Marketing Company Limited:

Subsequent to the year ended 31 December 2019, the subsidiary has finalized the assessments for the years ended 31 December 2010 through 2015 with the GAZT by paying an additional zakat liability of SAR. 285,839. Accordingly, all years until 31 December 2015 has been finalized with the GAZT.

19. COMMITMENTS

The Group has outstanding letters of credit to import goods amounting to SR 15.92 million as at 31 December 2019 (31 December 2018: SR 10.23 million) and outstanding letters of guarantee amounting to SR 2.35 million at 31 December 2019 (31 December 2018: SR 5.19 million).

At 31 December 2019, the Group has future capital commitments amounting to SR 5.22 million (31 December 2018: SR 17.87 million). Further the Group has annual cancellable lease commitments totaling SR 11.94 million (31 December 2018: SR 303.25 million) relating to branch rentals.

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 Limited have provided corporate guarantees amounting to SR 538.50 million (31 December 2018: SR 702.6 million) to local banks in respect of banking facilities obtained within the Group.

20. FAIR VALUE MEASUREMENT

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. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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:

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

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.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2019 and 31 December 2018, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

During the year ended 31 December 2019 and 31 December 2018, there were no movements between the levels.

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise of due to related parties and accounts payable, accruals and other liabilities. The Group has financial assets such as due from related parties, other receivables and cash and cash equivalents. The Group's financial assets and liabilities arise directly from its operations.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 risk such as equity risk and commodity risk as the Group is neither involved in investment in trading securities nor the commodities.

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 borrowings at the reporting date and therefore there is no commission rate sensitivity as at the year end.

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. Accounts payable and accruals include an amount of SR 20.14 million (31 December 2018: SR 106.65 million) due in Euros. As the Saudi Riyal is pegged to the US Dollar, therefore balances in foreign currency are not considered to represent significant foreign currency risk.

Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk on bank balances, trade receivables and other receivables is limited as cash balances held with banks with sound credit ratings and the trade receivables and other receivables are shown net of allowance for impairment.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any credit customers, the Group has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover. The Group seeks to manage the credit risk by monitoring outstanding receivables on an ongoing basis.

The Group is exposed to credit risk on its bank balances, trade receivables and other receivables as follows:

	31 December 2019 SR	31 December 2018 SR
Financial assets		
Trade and other receivables	**260,256,125**	156,561,301
Bank balances	**204,700,644**	112,447,366
	464,956,769	269,008,667

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an 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 through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual undiscounted maturity analysis of the financial liabilities of the Group. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk(continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2019	Within 1 year	1 to 5 years	More than 5 years	Total
	SR	SR	SR	SR
Lease liabilities	311,592,279	1,500,085,430	1,343,347,351	**3,155,025,060**
Accounts payable	732,121,532	-	-	**732,121,532**
	1,043,713,811	1,500,085,430	1,343,347,351	**3,887,146,592**

31 December 2018	Within 1 year	1 to 5 years	More than 5 years	Total
	SR	SR	SR	SR
Accounts payable	674,917,227	-	-	**674,917,227**
	674,917,227	-	-	**674,917,227**

22. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize partner's value.

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018. Equity comprises share capital, statutory reserve and retained earnings and is measured at SR 1,186.35 Million (31 December 2018: SR 1,014.45 Million).

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 30 March 2020, corresponding to 6 Sha'aban 1441H.

24. PRESENTATION AND RECLASSIFICATION

a- The Group, in order to record the gandola-related transactions with its suppliers, in line with the requirements of IFRS 15, has adjusted gandola income against cost of revenue by reclassifying it from a separate line item in the consolidated statement of profit or loss. This adjustment has no impact on the net profit, retained earnings and financial position of the Group, as at 31 December 2018 and for the year then ended. As a result of this adjustment, the gross margin of the Group for the prior year was increased from 19.45% to 34.10%.

b- Certain other immaterial reclassifications have also been made to the prior year's consolidated financial statements to enhance comparability with the current year's consolidated financial statements.

25. SUBSEQUENT EVENT – NOT ADJUSTING

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now to predict the extent and duration of its business impact. The extent of such impacts on the Groups' operations and financial condition remain uncertain and dependent on future developments that cannot be accurately predicted at this time with a reliable estimate.

BIN DAWOOD HOLDING COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY)
(FORMERLY A LIMITED LIABILITY COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

EY
Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
King's Road Tower - 13th floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office - Riyadh

Registration No. 45/11/323
C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 221 8575

jeddah@sa.ey.com
www.ey.com/mena

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS' OF BIN DAWOOD HOLDING COMPANY (A CLOSED SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Bin Dawood Holding Company (the "Group" or "the Parent Company") - a Closed Saudi Joint Stock Company (formerly a Limited Liability Company), and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing. as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS' OF BIN DAWOOD HOLDING COMPANY (A CLOSED SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group Audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

25 Dhul Qadah 1440 H
28 July 2019

Jeddah
20/04/AIR

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	31 December 2018 SR	31 December 2017 SR (Note 5)
Revenue		**4,554,153,793**	4,766,276,071
Cost of revenue		**(3,668,491,994)**	(3,762,658,920)
GROSS PROFIT		**885,661,799**	1,003,617,151
Selling and distribution expenses	6	**(1,047,184,392)**	(996,036,914)
General and administration expenses	7	**(127,019,163)**	(150,488,736)
Gandola income		**668,995,748**	545,610,156
OPERATING PROFIT		**380,453,992**	402,701,657
Other income		**17,805,944**	14,403,418
PROFIT FOR THE YEAR BEFORE ZAKAT		**398,259,936**	417,105,075
Zakat charge	16	**(423,790)**	(2,761,868)
NET PROFIT FOR THE YEAR		**397,836,146**	414,343,207
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:			
Re-measurement gain / (loss) on defined benefit plans	14	**3,348,301**	(4,589,382)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**401,184,447**	409,753,825

The accompanying notes 1 to 21 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	31 December 2018	31 December 2017	1 January 2017
		SR	SR	SR
			(Note 5)	(Note 5)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	8	**1,065,125,463**	1,077,954,879	877,093,135
Intangible asset		**572,269**	433,451	100,289
TOTAL NON-CURRENT ASSETS		**1,065,697,732**	1,078,388,330	877,193,424
CURRENT ASSETS				
Inventories	9	**805,628,568**	759,664,759	649,941,714
Accounts receivables and prepayments	10	**208,294,841**	145,479,551	133,176,716
Due from related parties	12	**1,685,390**	-	92,000
Cash and cash equivalents	11	**122,886,866**	94,656,298	88,640,692
TOTAL CURRENT ASSETS		**1,138,495,665**	999,800,608	871,851,122
TOTAL ASSETS		**2,204,193,397**	2,078,188,938	1,749,044,546
EQUITY AND LIABILITIES				
EQUITY				
Capital	13	**530,000,000**	530,000,000	530,000,000
Statutory reserve	13	**129,693,833**	89,575,388	48,600,005
Retained earnings		**354,750,911**	203,684,909	88,358,622
TOTAL EQUITY		**1,014,444,744**	823,260,297	666,958,627
NON-CURRENT LIABILITY				
Employees' terminal benefits	14	**80,227,125**	75,647,337	63,910,061
TOTAL NON-CURRENT LIABILITY		**80,227,125**	75,647,337	63,910,061
CURRENT LIABILITIES				
Due to related parties	12	**8,905,893**	9,917,777	19,215,698
Accounts payable, accruals and other liabilities	15	**1,094,043,888**	1,152,473,521	951,099,653
Zakat payable	16	**6,571,747**	16,890,006	14,415,306
Dividend payable		**-**	-	33,445,201
TOTAL CURRENT LIABILITIES		**1,109,521,528**	1,179,281,304	1,018,175,858
TOTAL LIABILITIES		**1,189,748,653**	1,254,928,641	1,082,085,919
TOTAL EQUITY AND LIABILTIES		**2,204,193,397**	2,078,188,938	1,749,044,546

The accompanying notes 1 to 21 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR
Balance at 1 January 2017 (note 5)	530,000,000	48,600,005	88,358,622	**666,958,627**
Net profit for the year	-	-	414,343,207	**414,343,207**
Other comprehensive loss for the year	-	-	(4,589,382)	**(4,589,382)**
Total comprehensive income for the year	-		409,753,825	**409,753,825**
Transfer to statutory reserve	-	40,975,383	(40,975,383)	**-**
Dividend	-	-	(253,452,155)	**(253,452,155)**
Balance at 31 December 2017 (note 5)	530,000,000	89,575,388	203,684,909	**823,260,297**
Net profit for the year	-	-	397,836,146	**397,836,146**
Other comprehensive income for the year	-	-	3,348,301	**3,348,301**
Total comprehensive income for the year	-	-	401,184,447	**401,184,447**
Transfer to statutory reserve	-	40,118,445	(40,118,445)	**-**
Dividend	-	-	(210,000,000)	**(210,000,000)**
Balance at 31 December 2018	**530,000,000**	**129,693,833**	**354,750,911**	**1,014,444,744**

The accompanying notes 1 to 21 form an integral part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	31 December 2018 SR	31 December 2017 SR
OPERATING ACTIVITIES			
Profit for the year before zakat		**398,259,936**	417,105,075
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation	8	**155,523,434**	149,159,840
Amortization of intangible assets		**16,987**	561,716
Loss on disposal of property and equipment		**272,728**	1,090,529
Provision for employees' end of service benefits		**15,075,165**	11,250,528
		569,148,250	579,167,688
Working capital adjustments:			
Accounts receivables and prepayments		**(62,815,290)**	(12,302,835)
Inventories		**(45,963,809)**	(109,723,045)
Accounts payables, accruals and other liabilities		**(58,429,633)**	201,373,868
Due from related parties		**(1,685,390)**	92,000
Due to related parties		**(1,011,884)**	(9,297,921)
Cash from operating activities		**399,242,244**	649,309,755
Zakat paid	16	**(10,742,049)**	(287,168)
Employees' terminal benefits paid	14	**(7,147,076)**	(4,102,634)
Net cash from operating activities		**381,353,119**	644,919,953
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(144,031,971)**	(352,423,619)
Purchase of intangible		**(155,805)**	(894,878)
Proceeds from disposal of property and equipment		**1,065,225**	1,311,506
Net cash used in investing activities		**(143,122,551)**	(352,006,991)
FINANCING ACTIVITY			
Dividend paid		**(210,000,000)**	(286,897,356)
Cash flows used in financing activity		**(210,000,000)**	(286,897,356)
Net increase in cash and cash equivalents		**28,230,568**	6,015,606
Cash and cash equivalents at the beginning of the year		**94,656,298**	88,640,692
Cash and cash equivalents at the end of the year		**122,886,866**	94,656,298

The accompanying notes 1 to 21 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Bin Dawood Holding Company. (the "Company" or the "Parent Company") is a Closed Saudi Joint Stock Company (formerly a Limited Liability Company) registered in the Kingdom of Saudi Arabia under Commercial Registration number 4031063470 dated 16/08/1432H corresponding to 17 July 2011. The Parent Company is fully owned by GCC nationals.

The Parent Company's objective is to manage its subsidiaries and joint ventures and to provide required support to such subsidiaries and joint ventures. The Parent Company objective also includes to acquire properties and moveable assets required for its activities and acquire. lease and utilize equity rights of industrial and commercial patents. brands. franchise and other abstract rights for its subsidiaries and joint ventures.

The registered office of the Company is located in Makkah, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Parent Company and its subsidiaries (the "Group") has prepared on 31 December 2018 its first annual consolidated financial statements in accordance with "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") as endorsed in KSA. Refer to note 5 for information on the first-time adoption of IFRS that are endorsed in KSA, by the Group.

During the year 2017, the partners resolved to convert the Company from a Limited Liability Company ("LLC") to a Closed Saudi Joint Stock Company ("CJSC"). The Company obtained initial revised commercial registration as CJSC on 16 July 2017 and revised updated during 2019, considering that the company obtained revised by-laws and that the Ministry of Commerce and Industry ("MOCI") has issued opinion on the transformation into CJSC, the Company's management has concluded that the change in legal term did not result in creating a new accounting unit and therefore, these financial statements are prepared for the full year ended 31 December 2018 for the Company as CJSC.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2018. 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

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

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 rights

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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of 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 subsidiary 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.

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 consolidated statement of profit or loss. Any investment retained is recognised at fair value.

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

Name	City of incorporation	Principle field of activity	% of capital held (directly & indirectly)	
			2018	2017
Bin Dawood Superstores Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Star for Bakeries and Marketing Company Limited	Jeddah, Saudi Arabia	Engaged in operating bakeries and restaurant for foodstuff	**100%**	100%

2.3 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and going concern concept.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.4 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities in future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessee

The Group has entered into operating leases of retail outlets with lease terms between one and twenty years. The Group has determined, based on the evaluation of the terms and conditions of the agreement that it does not retain all the significant risks and rewards of ownership of the shops and accounts for the agreement as an operating lease.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Groups's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.5 Significant accounting judgements, estimates and assumptions (continued)

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets and their physical wear and tear. The management reviews the residual value and useful lives annually and future depreciation charges are adjusted where the management believes the useful lives differ from previous estimates.

Useful lives of intangibles

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Provision for stock losses

The Group's management determines the percentage of provision for stock losses for calculating the required provision for stock losses at year end. This estimate is determined from the actual result of stock takes and the rate is computed based on actual sales between stock takes. This percentage is applied against the stock balance at year end. The Group's management reviews and evaluates the percentage used and is adjusted accordingly based on the result of the recent stock takes.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note 14.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.5 Significant accounting judgements, estimates and assumptions (continued)

Progressive rebate incentives

The Group may receive additional incentives from suppliers according to the volume of purchases during the year. The Group recognises these incentives upon relaisation in accordance with the contracts signed with suppliers. The Group management relies on the exercise of professional judgment in examining marketing variables and consumer behavior when estimating the recognition of the incentives.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently in the preparation of these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at 1 January 2017 for the purposes of the transition to IFRSs that are endorsed in KSA.

3.1 Current versus non-current classification

Assets

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other operating income in the consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Equipments	3 - 10 years
Motor vehicles	5 years
Furniture and fixtures and leasehold improvements	5 - 10 years
Computer	3 years

Capital work in progress

Capital work in progress represents assets under construction and improvements to the existing assets, recorded at cost less accumulated impairment losses if any. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work in progress is not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.4 Leases (continued)

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

3.5 Inventories

Inventories, which represents goods held for resale, are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs to sell. The cost of inventories comprises all costs of purchase, and other costs incurred in bringing the inventories to their existing location and condition. Cost of inventories is determined using weighted average method.

3.6 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments

Initial recognition – financial assets and financial liabilities

IFRS 9 – "Financial Instruments" is effective for annual periods commencing on or after 1 January 2018. An entity shall recognize a financial asset or a financial liability in its consolidated statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through consolidated statement of profit or loss and other comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through consolidated statement of profit or loss and other comprehensive income are expensed in consolidated statement of profit or loss and other comprehensive income.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents, due from related parties, staff receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any debt instrument designated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. Currently, the Group does not have any financial assets designated at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include accounts payable, accruals and other liabilities and due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as, described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at fair value through profit or loss (continued)

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial Instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Accounts payable and other liabilities

This category is relevant to the Group. After initial recognition, account payable and other liabilities are subsequently measured at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.8 Impairment of financial and non-financial assets

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment of financial and non-financial assets (continued)

Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis.

3.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the consolidated statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.11 Cash dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Group. As per the articles of association of the Group, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.12 Zakat

The Group is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"). Zakat is provided for in accordance with the Saudi Arabian fiscal regulations. Provision for zakat is charged to the consolidated statement of profit or loss and other comprehensive income.

3.13 Revenue recognition

IFRS 15 Revenue from contracts with customers was issued in May 2014 and is effective for annual periods commencing on or after I January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, which is found currently across several Standards and Interpretations within IFRS's. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is in business of the retail trading of foodstuff and household items. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Adoption of IFRS 15 did not result in any adjustment to the Group's consolidated financial statement.

The Group has applied the following accounting policy for revenue recognition in the preparation of its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Revenue recognition (continued)

Revenue from contracts with customers for sale of goods

The Group recognises revenue from contract with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.

Step 2: Identify the performance obligation(s) in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligation(s) in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue over time, if one of the following criteria is met:

1- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
2- The entity's performance creates or enhances and an asset that the customer controls as the asset is created or enhanced; or
3- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised asset:

1- The Group has a present right to payment for the asset
2- The Group has legal title to the asset
3- The Group has transferred physical possession of the asset
4- The customer has the significant risks and rewards of ownership of the asset
5- The customer has accepted the asset

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Revenue recognition (continued)

Revenue from contracts with customers for sale of goods (continued)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group has concluded that it is the principal in all of its revenue arrangements since it has the primary obligation in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods (commonly at the store checkout for the sales via the Group's stores). Revenue from sale of goods is recorded at the fair value of consideration received or receivable, net of returns and allowances and trade discounts.

3.14 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item.

3.15 Expenses

Cost of revenue

Cost of revenue includes the direct costs incurred to bring the goods in the saleable condition. Rebates, compensation, other incentives and earned benefits from suppliers are recognised on accrual basis as per the contracts signed with suppliers. All these benefits earned are deducted from the cost of goods sold.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing, distribution and logistics expenses. For the purpose of presentation, all promotional income which comprises of income earned from promotion of various products within the Group 's retail stores are netted off with selling and distribution expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Expenses (continued)

General and Administrative expenses

These pertain to operation expenses which are not directly related to the sale of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses. Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

3.16 Gandola income

Gandola income represents:

- Shelf display rentals which comprises of income earned from display of various products by vendors within the Group 's retail stores and shop rentals, which is recognised on an accrual basis in accordance with the lease terms; and
- The branch opening fee income which are agreed with the suppliers, which is recognised upon the branch opening as part of Gandola income.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

4.1 IFRS 16 Leases

The IASB has issued a new standard for the recognition of leases. This standard will replace:

- IAS 17 – 'Leases'
- IFRS Interpretations Committee 4 – 'Whether an arrangement contains a lease' ("IFRIC 4")
- Standards Interpretation Committee 15 – 'Operating leases – Incentives' ("SIC 15")
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

4.1 IFRS 16 Leases (continued)

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to adopt IFRS 16 with modified retrospective approach therefore shall not restate comparative information. At the date of initially applying this Standard, the Group shall recognise the right-of-use asset with an equal amount of lease liability.

The Group plans to elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group is in the process of assessing the potential effect of IFRS 16 on its consolidated financial statements.

4.2 Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

4.3 Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

5. FIRST-TIME ADOPTION OF IFRS

These consolidated financial statements for the year ended 31 December 2018, are the first annual consolidated financial statements of the Group prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia together with other standards and pronouncements that are endorsed by SOCPA. For all periods up to and including the year ended 31 December 2017, the Group prepared its consolidated financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("SOCPA GAAP").

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS that are endorsed in KSA applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017. In preparing the consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as at 1 January 2017, being the Group's date of transition to IFRS that are endorsed in KSA.

In preparing its opening IFRS consolidated statement of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017, the Group has analysed the impact and has made following adjustments to the amounts reported previously in the consolidated financial statements prepared in accordance with SOCPA GAAP.

Estimates

The estimates at 1 January 2017 and at 31 December 2017 are consistent with those made for the same dates in accordance with SOCPA GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Group to present these amounts in accordance with IFRS that are endorsed in KSA reflect conditions at 1 January 2017, the date of transition to IFRS and as at 31 December 2017.

5. FIRST-TIME ADOPTION OF IFRS (continued)

The following is a reconciliation of the Group's consolidated statement of financial position reported in accordance with SOCPA GAAP to its consolidated statement of financial position under IFRS at the transition date 1 January 2017:

	Note	SOCPA GAAP as at 1 January 2017	Re-measurements / reclassification	IFRS as at 1 January 2017
		SR	SR	SR
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5.1	877,193,424	(100,289)	877,093,135
Intangible asset	5.1	-	100,289	100,289
TOTAL NON-CURRENT ASSETS		**877,193,424**	**-**	**877,193,424**
CURRENT ASSETS				
Inventories		649,941,714	-	649,941,714
Accounts receivables and prepayments	5.2	159,460,040	(26,283,324)	133,176,716
Due from related parties		92,000	-	92,000
Cash and cash equivalents		88,640,692	-	88,640,692
TOTAL CURRENT ASSETS		**898,134,446**	**(26,283,324)**	**871,851,122**
TOTAL ASSETS		**1,775,327,870**	**(26,283,324)**	**1,749,044,546**
EQUITY AND LIABILITIES				
EQUITY				
Capital		530,000,000	-	530,000,000
Statutory reserve		48,600,005	-	48,600,005
Retained earnings	5.2 & 5.3	204,002,217	(115,643,595)	88,358,622
TOTAL EQUITY		**782,602,222**	**(115,643,595)**	**666,958,627**
NON-CURRENT LIABILITY				
Employees' terminal benefits	5.3	61,908,141	2,001,920	63,910,061
TOTAL NON-CURRENT LIABILITY		**61,908,141**	**2,001,920**	**63,910,061**
CURRENT LIABILITIES				
Due to related parties		19,215,698	-	19,215,698
Accounts payable, accruals and other liabilities	5.2	863,741,302	87,358,351	951,099,653
Dividend payable		33,445,201	-	33,445,201
Zakat payable		14,415,306	-	14,415,306
TOTAL CURRENT LIABILITIES		**930,817,507**	**87,358,351**	**1,018,175,858**
TOTAL LIABILITIES		**992,725,648**	**89,360,271**	**1,082,085,919**
TOTAL EQUITY AND LIABILITIES		**1,775,327,870**	**(26,283,324)**	**1,749,044,546**

5. FIRST-TIME ADOPTION OF IFRS (continued)

The following is a reconciliation of the Group's consolidated statement of financial position reported in accordance with SOCPA GAAP to its consolidated statement of financial position under IFRS at 31 December 2017:

	Note	SOCPA GAAP as at 31 December 2017	Re-measurements / reclassification	IFRS as at 31 December 2017
		SR	SR	SR
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	5.1	1,078,388,330	(433,451)	1,077,954,879
Intangible asset	5.1	-	433,451	433,451
TOTAL NON-CURRENT ASSETS		**1,078,388,330**	**-**	**1,078,388,330**
CURRENT ASSETS				
Inventories		759,664,759	-	759,664,759
Accounts receivables and prepayments	5.2	163,599,801	(18,120,250)	145,479,551
Due from related parties		-	-	-
Cash and cash equivalents		94,656,298	-	94,656,298
TOTAL CURRENT ASSETS		**1,017,920,858**	**(18,120,250)**	**999,800,608**
TOTAL ASSETS		**2,096,309,188**	**(18,120,250)**	**2,078,188,938**
EQUITY AND LIABILITIES				
EQUITY				
Capital		530,000,000	-	530,000,000
Statutory reserve	5.2 & 5.3	91,930,696	(2,355,308)	89,575,388
Retained earnings		340,526,281	(136,841,372)	203,684,909
TOTAL EQUITY		**962,456,977**	**(139,196,680)**	**823,260,297**
NON-CURRENT LIABILITY				
Employees' terminal benefits	5.3	74,367,903	1,279,434	75,647,337
TOTAL NON-CURRENT LIABILITY		**74,367,903**	**1,279,434**	**75,647,337**
CURRENT LIABILITIES				
Due to related parties		9,917,777	-	9,917,777
Accounts payable, accruals and other liabilities	5.2	1,032,676,525	119,796,996	1,152,473,521
Zakat payable		16,890,006	-	16,890,006
TOTAL CURRENT LIABILITIES		**1,059,484,308**	**119,796,996**	**1,179,281,304**
TOTAL LIABILITIES		**1,133,852,211**	**121,076,430**	**1,254,928,641**
TOTAL EQUITY AND LIABILITIES		**2,096,309,188**	**(18,120,250)**	**2,078,188,938**

5. FIRST-TIME ADOPTION OF IFRS (continued)

Group's reconciliation of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017:

	Note	SOCPA GAAP for the year ended 31 December 2017	Re-measurements / reclassification	IFRS for the year ended 31 December 2017
		SR	SR	SR
Revenue		4,766,276,071	-	4,766,276,071
Cost of revenue		(3,762,658,920)	-	(3,762,658,920)
GROSS PROFIT		1,003,617,151	-	1,003,617,151
Selling and distribution expenses	5.2, 5.3 & 5.4	(975,826,347)	(20,210,567)	(996,036,914)
General and administration expenses		(151,735,600)	1,246,864	(150,488,736)
Gandola income		545,610,156	-	545,610,156
OPERATING PROFIT		421,665,360	(18,963,703)	402,701,657
Other income		14,403,418	-	14,403,418
PROFIT FOR THE YEAR BEFORE ZAKAT		436,068,778	(18,963,703)	417,105,075
Zakat charge		(2,761,868)	-	(2,761,868)
NET PROFIT FOR THE YEAR		433,306,910	(18,963,703)	414,343,207
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:				
Re-measurement losses on defined benefit plans	5.4	-	(4,589,382)	(4,589,382)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		433,306,910	(23,553,085)	409,753,825

5.1 Intangible assets

Under IFRS as endorsed in KSA, the Group has reclassified certains items of property and equipment to intangible assets (software) to depict a more accurate presentation in its consolidated financial statements. The effect was increase in intangible assets and decrease in property and equipment. There has been no effect on retained earnings as on transition date or subsequently on profit for the year before zakat as the useful life of the reclassified assets remain unchanged. These are accounted as part of reclassification adjustment.

5. FIRST-TIME ADOPTION OF IFRS (continued)

5.2 Straight lining of leases

Under IFRS as endorsed in KSA, the expense on account of lease transactions entered by the Group are to be accounted for on a straight line basis over the tenure of lease including the rent free period and for lease escalations irrespective of the timing of payment, if any. Accordingly, the Group has accounted for the lease expense on a straight line basis over the tenure of the lease. This has resulted in creation of lease equalization liability on account of additional expense booked as a result of straight lining. This effect as on IFRS transition date has resulted in decrease of prepaid balances by SR 26.28 million and recognition of lease equalization net liability of SR 87.36 million with cumulative impact resulting in decrease of retained earnings by SR 113.66 million. The adjustment resulted in decrease of profit for the year before zakat amounting to SR 24.27 million for the year ended 31 December 2017. The impact has been accounted as part of transition adjustment.

5.3 Employees' terminal benefits

Under IFRS that are endorsed in KSA, end of service benefits ("EOSB") are required to be calculated using actuarial valuations. Historically, the Group has calculated these obligations based on the local regulations at the reporting date without considering expected future service periods of employees, salary increments and discount rates. This change resulted in an increase in the employee benefits liability balances and decrease in retained earnings as at 1 January 2017 SR 2.01 million and 31 December 2017 SR 1.279 million and increased income for the year ended 31 December 2017 SR 0.723 million.

5.4 Re-measurement losses on defined benefit plans

Under IFRS as endorsed in KSA, employees' terminal benefits are required to be calculated using actuarial valuations. Net other comprehensive loss of SR 4.58 million during the year 31 December 2017 represents the re-measurement loss arising from experience adjustments and changes in actuarial assumptions occurred during the year.

5.5 Cashflow

The impact on net revenue and cash flows were:

	SOCPA GAAP for the year ended 31 December 2017	IFRS for the year ended 31 December 2017	Difference
	SR	SR	SR
Net revenue	4,766,276,071	4,766,276,071	-
Net cash from operating activities	644,919,953	644,919,953	-
Net cash used in investing activities	(352,006,991)	(352,006,991)	-
Net cash used in financing activities	(286,897,356)	(286,897,356)	-

6. SELLING AND DISTRIBUTION EXPENSES

	31 December 2018 SR	31 December 2017 SR
Employee costs	**358,781,145**	330,384,293
Rent	**305,147,725**	302,319,925
Depreciation (note 8)	**151,720,002**	142,165,765
Utilities	**110,458,996**	96,269,105
Other	**53,079,569**	52,257,018
Packaging cost	**44,271,267**	44,066,829
Repairs and maintenance	**19,911,047**	19,577,678
Advertising cost	**3,814,641**	8,996,301
	1,047,184,392	996,036,914

7. GENERAL AND ADMINISTRATION EXPENSES

	31 December 2018 SR	31 December 2017 SR
Employee costs	**70,458,099**	84,847,140
Management remuneration (note 12)	**29,600,000**	27,810,000
Depreciation (note 8)	**3,803,432**	6,994,075
Rents	**4,996,236**	4,905,524
Insurance	**1,779,032**	1,693,501
Repairs and maintenance	**3,285,702**	2,751,857
Utilities	**1,281,648**	1,256,624
Directors' remuneration (note 12)	**400,000**	400,000
Other	**11,415,014**	19,830,015
	127,019,163	150,488,736

8. PROPERTY AND EQUIPMENT

	Equipment SR	Motor vehilces SR	Furniture and fixtures and leasehold improvements SR	Computer SR	Capital work in progress SR	Total 31 December 2018 SR
Cost:						
At the beginning of the year	766,428,933	54,767,095	691,120,970	55,805,284	158,858,441	1,726,980,723
Additions	18,050,890	1,756,684	15,433,510	888,534	107,902,353	144,031,971
Disposals	(3,080,636)	(1,167,723)	(422,858)	(18,622)	-	(4,689,839)
Written-off	(137,953)	-	-	-	-	(137,953)
Transfers	63,471,696	-	51,094,255	3,927,816	(118,493,767)	-
At the end of the year	**844,732,930**	**55,356,056**	**757,225,877**	**60,603,012**	**148,267,027**	**1,866,184,902**
Depreciation:						
At the beginning of the year	329,089,957	39,235,044	241,455,691	39,245,152	-	649,025,844
Charge for the year	74,546,744	2,172,301	69,370,047	9,434,342	-	155,523,434
Relating to disposals	(2,360,952)	(918,385)	(73,809)	(16,373)	-	(3,369,519)
Relating to written-off	(120,320)	-	-	-	-	(120,320)
At the end of the year	**401,155,429**	**40,488,960**	**310,751,929**	**48,663,121**	**-**	**801,059,439**
Net book value:						
At 31 December 2018	**443,577,501**	**14,867,096**	**446,473,948**	**11,939,891**	**148,267,027**	**1,065,125,463**

8. PROPERTY AND EQUIPMENT (continued)

	Equipment	Motor vehicles	Furniture, fixtures and leasehold improvements	Computers	Capital work in progress	Total 2017
	SR	SR	SR	SR	SR	SR
Cost						
At the beginning of the year	570,082,020	48,037,465	520,489,001	42,593,203	206,747,862	**1,387,949,551**
Additions	39,781,703	7,470,691	25,705,694	3,494,355	275,971,176	**352,423,619**
Disposals	(7,835,986)	(741,061)	(2,901,270)	(21,255)	-	**(11,499,572)**
Written off	(1,547,718)	-	(293,500)	(51,657)	-	**(1,892,875)**
Transfer	165,948,914	-	148,121,045	9,790,638	(323,860,597)	**-**
At the end of the year	766,428,933	54,767,095	691,120,970	55,805,284	158,858,441	**1,726,980,723**
Depreciation						
At the beginning of the year	259,291,426	34,361,398	185,275,631	31,927,961	-	**510,856,416**
Charge for the year	77,865,849	5,490,320	58,428,270	7,375,401	-	**149,159,840**
Relating to disposals	(6,839,312)	(616,674)	(1,955,909)	(6,896)	-	**(9,418,791)**
Relating to written-off	(1,228,006)	-	(292,301)	(51,314)	-	**(1,571,621)**
At the end of the year	329,089,957	39,235,044	241,455,691	39,245,152	-	**649,025,844**
Net book amounts:						
At 31 December 2017	**437,338,976**	**15,532,051**	**449,665,279**	**16,560,132**	**158,858,441**	**1,077,954,879**
At 1 January 2017	310,790,594	13,676,067	335,213,370	10,665,242	206,747,862	**877,093,135**

Depreciation charge has been allocated as follows:

	31 December 2018 SR	31 December 2017 SR
Selling and distribution expenses (note 6)	**151,720,002**	142,165,765
General and administration expenses (note 7)	**3,803,432**	6,994,075
	155,523,434	149,159,840

9. INVENTORIES

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Finished goods	**789,798,696**	734,208,789	640,413,057
Raw materials	**7,153,929**	16,274,354	4,068,797
Packing material	**8,675,943**	9,181,616	5,459,860
	805,628,568	759,664,759	649,941,714

During the year, an amount of SR 85.1 million (31 December 2017: SR 58.36 million; 1 January 2017: SR 51.12 million) was recognised as an expense for inventories carried at net realisable value.

10. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Trade accounts receivable	**41,354,551**	30,449,530	12,429,082
Prepayments	**49,319,026**	38,058,636	36,592,715
Other receivables	**109,668,676**	68,684,849	75,514,148
Employee advances	**5,538,074**	5,155,396	5,224,341
Advances to suppliers	**2,414,514**	3,131,140	3,386,430
Margin on letters of guarantee	**-**	-	30,000
	208,294,841	145,479,551	133,176,716

As at 31 December 2018, 31 December 2017 and 1 January 2017, none of the trade receivables of the Group were impaired. Further, none of the receivables of the Group were past due, more than normal collection cycle. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

11. CASH AND CASH EQUIVALENTS

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Cash in hand	**10,439,500**	18,426,367	10,526,690
Bank balances	**112,447,366**	76,229,931	78,114,002
	122,886,866	94,656,298	88,640,692

12. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Following is the list of related party transactions and balances of the Company.

In the normal course of its activities, the Group transacts business with its related parties. These transactions are entered into on normal commercial terms and on arm's length basis. The following are the details of major related party transactions during the year:

Related party	Nature of transaction	Amount of transactions	
		31 December 2018 SR	31 December 2017 SR
Affiliates	Purchase of goods	**103,393,796**	73,228,883
	Rent charged by affiliates	**67,126,000**	64,715,000
	Rent charged by affiliates	**1,478,258**	1,021,383
	Expenses paid on behalf of affiliates		
	Expenses charged by affiliates	**30,457**	
	Goods transferred to affiliates	**553,889**	2,025,459
Partners	Management remuneration (note 7)	**29,600,000**	27,810,000
Directors	Board of Directors remuneration (note 7)	**400,000**	400,000
Management personnel	Remuneration	**8,601,007**	7,123,026

Key management compensation

Compensation for key management is as follows:

		31 December 2018 SR	31 December 2017 SR
Partners	Management remuneration (note 7)	**(29,600,000)**	(27,810,000)
Directors	Board of Directors remuneration (note 7)	**(400,000)**	(400,000)
Management personnel	Remuneration	**(8,601,007)**	(7,123,026)

As at 31 December 2018, the outstanding amount due to key management personnel was SR 0.43 Million (31 December 2017: 1.5 Million, 1 January 2017: Nil)

12. RELATED PARTY TRANSACTIONS AND BALANCES

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Due from related parties			
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**1,503,655**	-	92,000
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**165,482**	-	-
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**16,253**	-	-
	1,685,390		92,000
Due to related parties			
Safa Company Limited for Household Ware	**8,392,405**	2,276,268	4,143,447
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**513,488**	-	-
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**-**	3,985,975	12,808,325
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**-**	3,655,534	2,184,961
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishemnt	**-**	-	78,965
	8,905,893	9,917,777	19,215,698

13. EQUITY

A- Capital

As at 31 December 2017 and 31 December 2018. the share capital of the Parent Company is divided into 53,000,000 shares of SR 10 each and distributed among the shareholders as follows:

Name of Shareholders	Nationality	31 December 2018 and 31 December 2017		
		Holding	No. of shares	Amount SR
Akasiya Star Trading Company Limited	Saudi	84.465%	44,766,450	**447,664,500**
Abdullah Bin Dawood Sons and Company Limited	Saudi	8.535%	4,523,550	**45,235,500**
Commercial Growth Development Company Limited	Saudi	7%	3,710,000	**37,100,000**
		100%	53,000,000	**530,000,000**

B- Statutory reserve

In accordance with the Parent Company's Articles of Association. the Parent Company must set aside 10% of its net income in each year to a statutory reserve until the reserve equals 30% of the capital. The reserve is not available for distribution.

14. EMPLOYEES' TERMINAL BENEFITS

General description of the plan

The Group operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the year ended is as follows:

	31 December 2018	31 December 2017
	SR	SR
Balance at the beginning of the year	**75,647,337**	63,910,061
Included in consolidated statement of profit or loss		
Current service cost	**12,552,815**	9,395,517
Interest cost	**2,522,350**	1,855,011
	15,075,165	11,250,528
Included in consolidated statement of other comprehensive income		
Actuarial (gain) / loss	**(3,348,301)**	4,589,382
Benefits paid	**(7,147,076)**	(4,102,634)
Balance at the end of the year	**80,227,125**	75,647,337

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The end of service expense (current service cost and finance cost) has been allocated to general and administrative expenses.

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	31 December	31 December
	2018	2017
Discount rate	3.50%	3.00%
Future salary increases (%)	3.00%	3.00%
Mortality rate	0.75 – 7.52 per Thousand	0.75 – 24.55 per thousand
Retirement age	60 years	60 years

15. ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Trade accounts payable	**662,553,675**	639,913,115	564,983,534
Accrued and other payables	**404,942,932**	490,591,302	361,153,838
Unearned income	**26,547,281**	21,969,104	24,962,281
	1,094,043,888	1,152,473,521	951,099,653

16. ZAKAT

The Parent Company has obtained an approval from GAZT for the consolidated filing of zakat return from the year ended 2016 onwards. Accordingly, zakat is assessed on consolidated basis effective from 2016.

Charge for the year

The zakat charge consists of:

	31 December 2018 SR	31 December 2017 SR
Provision for the year	**423,790**	11,918,465
Prior year adjustment	**-**	(9,156,597)
	423,790	2,761,868

The provision is based on the following:

	31 December 2018 SR	31 December 2017 SR
Equity	**728,603,999**	529,650,051
Opening provision and other adjustments	**68,500,261**	62,908,142
Book value of non-current assets	**(922,575,181)**	(1,078,388,330)
	(125,470,921)	(486,830,137)
Zakatable income for the year	**16,951,602**	476,738,538
Zakat base	**16,951,602**	476,738,538

16. ZAKAT (continued)

The movement in the zakat provision for the year is as follows:

	31 December 2018 SR	31 December 2017 SR
Balance at the beginning of the year	**16,890,006**	14,415,306
Charge for the year	**423,790**	2,761,868
Payments during the year	**(10,742,049)**	(287,168)
At the end of the year	**6,571,747**	16,890,006

c) Status of assessments

Parent Company

Bin Dawood Holding Company — A Closed Saudi Joint Stock Company

The Parent Company has filed zakat declarations with the General Authority for Zakat and Tax (GAZT) for the period ended 31 December 2011 and for the years ended 31 December 2012 through 2017 and obtained zakat certificate. The assessments for the period ended 31 December 2011 and for the years ended 3 I December 2012 through 2017 have not yet been raised by GAZT.

Subsidiaries

Bin Dawood Superstores Company — A Limited Liability Company:

The subsidiary has finalised its zakat assessments with GAZT for all years up to 2011. The subsidiary has filed zakat declarations for the years 2012 through 2015 and obtained zakat certificate. The assessments for the years 2012 through 2015 have not yet been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2016 and obtained the zakat certificate.

Danube Company for Foodstuffs and Commodities – A Limited Liability Company:

The subsidiary has finalized its zakat assessments with the GAZT for all the years up to 2009.

During the year ended 31 December 2017, the GAZT raised an assessment for the years ended 31 December 2010 through 2013 showing an additional liability of SR. 11,980,749 million. The subsidiary's management accepted and settled an amount of SR. 139,607 and filed an appeal against the remaining amount of SR. 11,841,142. During the year ended 31 December 2018, the GAZT issued the revised assessment for the years 2010 through 2013 showing the reduced liability of SR. 2,457,017. The subsidiary's management has already filed an appeal against the revised assessment. The management is confident that their contention will prevail and expects a favourable outcome arising from the appeal. Accordingly, no provision in respect of SR 2.4 million is made in these consolidated financial statements.

The subsidiary has filed zakat declaration for the years 2014 and 2015 and obtained zakat certificate. The assessment for the year 2014 and 2015 has not been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2017 and obtained the zakat certificate.

Danube Star for Bakeries and Marketing Company Limited:

The subsidiary has finalised its zakat assessments with GAZT for all years up to 2009. The subsidiary has filed zakat declarations for the years 2010 through 2015 and obtained zakat certificate. The assessments for the years 2010 through 2015 have not yet been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2017 and obtained the zakat certificate.

17. COMMITMENTS

The Group has outstanding letters of credit to import goods amounting to SR 10.23 million as at 31 December 2018 (31 December 2017: SR 66.93 million) and outstanding letters of guarantee amounting to SR 5.19 million at 31 December 2018 (31 December 2017: SR 6.7 million).

The Group has annual long term cancellable lease commitments totaling SR 303.25 million (31 December 2017: SR 300.9 million) relating to branch rentals for the periods ranging up to 25 years.

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 Limited have provided corporate guarantees amounting to SR 702.6 million (31 December 2017: SR 887.75 million) to local banks in respect of banking facilities obtained by an affiliate of the Group.

18. FAIR VALUE MEASUREMENT

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. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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:

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

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.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2018, 31 December 2017 and 1 January 2017, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

During the year ended 31 December 2018 and 31 December 2017, there were no movements between the levels.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise of due to related parties and accounts payable, accruals and other liabilities. The Group has financial assets such as due from related parties, other receivables and cash and cash equivalents. The Group's financial assets and liabilities arise directly from its operations.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 risk such as equity risk and commodity risk as the Group is neither involved in investment in trading securities nor the commodities.

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 borrowings at the reporting date and therefore there is no commission rate sensitivity as at the year end.

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. Accounts payable and accruals include an amount of SR 106.65 million (2017: SR 208.7 million and 2016: SR 184.1 million) due in Euros. As the Saudi Riyal is pegged to the US Dollar, therefore balances in foreign currency are not considered to represent significant foreign currency risk.

Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by settling sales transactions in cash or through credit cards

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the balance sheet.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an 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 through committed credit facilities to meet any future commitments.

The Group's financial liabilities primarily consist of accounts payable and other liabilities. All these financial liabilities are expected to be settled within 12 months from the date of the consolidated statement of financial position and the Group expects to have adequate liquid funds to do so.

20. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize partner's value.

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the partner value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to partners, return capital to partners or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018, 31 December 2017 and 1 January 2017. Equity comprises share capital, statutory reserve and retained earnings and is measured at SR 1,014.45 Million (31 December 2017: SR 823.26 Million, 1 January 2017: SR 666.96 Million).

21. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 28 July 2019, corresponding to 25 Dhul-Qadah 1440H.

BIN DAWOOD HOLDING COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY)
(FORMERLY A LIMITED LIABILITY COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
General Partnership
King's Road Tower - 13th floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office - Riyadh

Registration No. 45/11/323
C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 221 8575

jeddah@sa.ey.com
www.ey.com/mena

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS' OF BIN DAWOOD HOLDING COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Bin Dawood Holding Company Limited ("the Company" or "the Parent Company") - a Limited Liability Company, and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in partner's equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

EY
Building a better
working world

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS' OF BIN DAWOOD HOLDING COMPANY LIMITED (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356

PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

25 Dhul Qadah 1440 H
28 July 2019

Jeddah
20/03/AIR

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	2017 SR	2016 SR
ASSETS			
CURRENT ASSETS			
Bank balances and cash		**94,656,298**	88,640,692
Accounts receivable and prepayments	4	**163,599,801**	159,552,040
Inventories	5	**759,664,759**	649,941,714
TOTAL CURRENT ASSETS		**1,017,920,858**	898,134,446
NON-CURRENT ASSET			
Property and equipment	7	**1,078,388,330**	877,193,424
TOTAL ASSETS		**2,096,309,188**	1,775,327,870
LIABILITIES AND PARTNERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	8	**1,042,594,302**	882,957,000
Dividend payable		**-**	33,445,201
Zakat payable	9	**16,890,006**	14,415,306
TOTAL CURRENT LIABILITIES		**1,059,484,308**	930,817,507
NON-CURRENT LIABILITY			
Employees' end of service benefits		**74,367,903**	61,908,141
TOTAL LIABILITIES		**1,133,852,211**	992,725,648
PARTNERS' EQUITY			
Capital	10	**530,000,000**	530,000,000
Statutory reserve	11	**91,930,696**	48,600,005
Retained earnings		**340,526,281**	204,002,217
TOTAL PARTNERS' EQUITY		**962,456,977**	782,602,222
TOTAL LIABILITIES AND PARTNERS' EQUITY		**2,096,309,188**	1,775,327,870

The attached notes 1 to 19 form part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF INCOME
Year ended 31 December 2017

	Note	2017 SR	2016 SR
Sales		**4,766,276,071**	4,518,083,309
Cost of sales		**(3,762,658,920)**	(3,543,865,573)
GROSS PROFIT		**1,003,617,151**	974,217,736
Selling and distribution expenses	12	**(975,826,347)**	(782,680,508)
General and administration expenses	13	**(151,735,600)**	(134,590,672)
Gandola income	14	**545,610,156**	407,841,359
INCOME FROM MAIN OPERATION		**421,665,360**	464,787,915
Other income, net	15	**14,403,418**	29,590,323
INCOME FOR THE YEAR BEFORE ZAKAT		**436,068,778**	494,378,238
Zakat	9	**(2,761,868)**	(13,378,186)
NET INCOME FOR THE YEAR		**433,306,910**	481,000,052

The attached notes 1 to 19 form part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 SR	2016 SR
OPERATING ACTIVITIES			
Income for the year before zakat		**436,068,778**	494,378,238
Adjustments for:			
Depreciation	7	**149,721,556**	109,711,240
Loss / (gain) on write-off and disposal of property and equipment	15	**1,090,529**	(71,143)
Provision for employees' end of service benefits, net		**12,459,762**	10,614,203
		599,340,625	614,632,538
Changes in operating assets and liabilities:			
Receivables		**(4,047,761)**	(41,691,497)
Inventories		**(109,723,045)**	(28,446,655)
Payables		**159,637,302**	142,391,541
Cash from operations		**645,207,121**	686,885,927
Zakat paid	9	**(287,168)**	(12,465,172)
Net cash from operating activities		**644,919,953**	674,420,755
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(353,318,497)**	(390,995,354)
Proceeds from disposal of property and equipment		**1,311,506**	1,416,667
Net cash used in investing activities		**(352,006,991)**	(389,578,687)
FINANCING ACTIVITY			
Dividend paid		**(286,897,356)**	(253,478,884)
Net cash used in financing activities		**(286,897,356)**	(253,478,884)
INCREASE IN BANK BALANCES AND CASH		**6,015,606**	31,363,184
Bank balances and cash at the beginning of the year		**88,640,692**	57,277,508
BANK BALANCES AND CASH AT THE END OF THE YEAR		**94,656,298**	88,640,692

The attached notes 1 to 19 form part of these consolidated financial statements.

Bin Dawood Holding Company (A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY

Year ended 31 December 2017

	Capital	Proposed increase in capital	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR	SR
Balance at 31 December 2015	1,000,000	529,000,000	500,000	-	**530,500,000**
Increase in capital	529,000,000	(529,000,000)	-	-	**-**
Net income for the year	-	-	-	481,000,052	**481,000,052**
Transfer to statutory reserve	-	-	48,100,005	(48,100,005)	**-**
Dividend	-	-	-	(228,897,830)	**(228,897,830)**
Balance at 31 December 2016	**530,000,000**	**-**	**48,600,005**	**204,002,217**	**782,602,222**
Net income for the year	-	-	-	433,306,910	**433,306,910**
Transfer to statutory reserve	-	-	43,330,691	(43,330,691)	**-**
Dividend	-	-	-	(253,452,155)	**(253,452,155)**
Balance at 31 December 2017	**530,000,000**	**-**	**91,930,696**	**340,526,281**	**962,456,977**

The attached notes 1 to 19 form part of these consolidated financial statements.

1. ORGANIZATION AND ACTIVITIES

Bin Dawood Holding Company Limited, (the "Company" or the "Parent Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4031063470 dated 16/08/1432H corresponding to 17 July 2011. The Parent Company is fully owned by GCC nationals.

The Parent Company's objective is to manage its subsidiaries and joint ventures and to provide required support to such subsidiaries and joint ventures. The Parent Company objective also includes to acquire properties and moveable assets required for its activities and acquire, lease and utilize equity rights of industrial and commercial patents, brands, franchise and other abstract rights for its subsidiaries and joint ventures.

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries ("the Group"). All material intra-group transactions and branches have been eliminated on consolidation.

During the year, the partners resolved to convert the Company from a Limited Liability Company ("LLC") to a Closed Saudi Joint Stock Company ("CJSC"). The Company obtained initial revised commercial registration as CJSC on 16 July 2017 and revised updated during 2019, considering that the company obtained revised by-laws and that the Ministry of Commerce and Industry ("MOCI") has issued opinion on the transformation into CJSC, the Company's management has concluded that the change in legal term did not result in creating a new accounting unit and therefore these financial statements are prepared for the full year ended 31 December 2017 for the Company as LLC.

Subsidiaries

Subsidiaries are companies in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. The consolidated financial statements are prepared on the basis of the individual financial statements of the Parent Company and the audited financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.1 BASIS OF PREPARATION (continued)

Subsidiaries (continued)

In case of the change in the ownership interest of a subsidiary, resulting in a loss of control, the retained investment in an enterprise, which was previously a subsidiary, is valued at its fair value at the date of change. The difference between the fair value and carrying value of retained investment is accounted for in the consolidated statement of income. Accordingly, if the Group loses control over a subsidiary, it:

- Derecognises the assets and the liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises cumulative translation differences recorded in equity, if any
- Recognises the fair value of sale consideration received
- Recognises the fair value of investment retained
- Recognises any gain or loss in the consolidated statement of income.

Non-controlling interests, if any, represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from Parent Company's partners' equity.

Acquisitions of subsidiaries which are under common control represent group reorganization and are accounted for at book values.

2.1.1 NEW ACCOUNTING FRAMEWORK

According to the transition plan to International Accounting Standards approved by the board of Saudi Organization for Certified Public Accountants (SOCPA), effective 1 January 2018, the Company's financial statements will be prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are issued by SOCPA. Upon IFRS adoption, the Company will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards which require the Company to analyze the impacts and incorporate certain adjustments on the comparative figures and its opening balances.

2.2 BASIS OF CONSOLIDATION

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

Name	City of incorporation	Principle field of activity	% of capital held (directly & indirectly)	
			2017	2016
Bin Dawood Superstores Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	**100%**	100%
Danube Star for Bakeries and Marketing Company Limited	Jeddah, Saudi Arabia	Engaged in operating bakeries and restaurant for foodstuff	**100%**	100%

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

The significant accounting policies adopted are as follows:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Use of estimate

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined as follows:

Raw material and Packaging material	-	purchase cost on a weighted average basis.
Finished Goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any minority interests in the acquiree. For each business combination, the acquirer measures the minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Business combinations involving entities under common control are accounted for at book values.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is not depreciated. The cost less estimated residual value of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

a- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of income;

b- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

c- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalised.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the consolidated balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue represents value of goods supplied and is recognized when the significant risk and rewards of ownership of goods have passed to the buyer and the amount of revenue can be measured reliably, normally on delivery of goods to customers, net of trade and quantity discounts. Rental income is recognized over the lease term. Promotional and display income is recognized when earned. Amounts collected in advance are recorded as unearned income.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated balance sheet date. All differences are taken to the consolidated statement of income.

Expenses

Selling and distribution expenses are those that specifically relate to selling and distribution activities of the Group. All other expenses except cost of sales are classified as general and administration expenses. Allocation of common expenses to cost of sales, selling and distribution, and general and administration, when required are made on a consistent basis.

Leases

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously, income and expenses are not set-off in consolidated statement of income unless required or permitted by generally accepted accounting principles in the Kingdom of Saudi Arabia.

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017 SR	2016 SR
Trade accounts receivable	**30,449,530**	12,429,082
Other receivables	**68,684,849**	75,514,148
Prepayments	**56,178,886**	62,876,039
Amounts due from related parties	**-**	92,000
Employee advances	**5,155,396**	5,224,341
Advances to suppliers	**3,131,140**	3,386,430
Margin on letters of guarantee	**-**	30,000
	163,599,801	159,552,040

As at 31 December 2017 and 31 December 2016, none of the trade receivables were impaired. Further, none of the receivables of the Company were past due, more than normal collection cycle (2016: SR 0.27 million). Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

5. INVENTORIES

	2017 SR	2016 SR
Finished goods	**734,208,789**	640,413,057
Raw materials	**16,274,354**	4,068,797
Packing material	**9,181,616**	5,459,860
	759,664,759	649,941,714

During the year, an amount of SR 58.36 million (2016: SR 51.12 million) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

6. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled or significantly influenced by such parties. The following are the details of major related party transactions during the year:

Related party	Nature of transactions	Amount of transactions	
		2017 SR	2016 SR
Affiliates	Purchase of goods	**(73,228,883)**	(87,296,269)
	Rent charged by affiliates	**(64,715,000)**	(52,265,733)
	Rent charged to affiliates	**1,021,383**	1,019,800
	Expenses paid on behalf of affiliates	**-**	86,331
	Expenses charged by affiliates	**-**	224,338
	Goods transferred to affiliates	**2,025,459**	1,418,790
Partners	Management remuneration (note 13)	**(27,810,000)**	(29,735,000)
Directors	Board of Directors remuneration (note 13)	**(400,000)**	(400,000)
Management personnel	Remuneration	**(7,123,026)**	(7,290,000)

Amounts due from / to related parties are shown in notes 4 and 8, respectively. Prices and terms of payment for transactions with related parties are approved by the management of the Group.

7. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Equipment	3 - 10 years
Motor vehicles	5 years
Furniture, fixtures and leasehold improvements	5 - 10 years
Computers	3 years

	Equipment	Motor vehicles	Furniture, fixtures and leasehold improvements	Computers	Capital work in progress	Total 2017	Total 2016
	SR	SR	SR	SR	SR	SR	SR
Cost							
At the beginning of the year	570,082,020	48,037,465	520,489,001	46,946,476	206,747,862	**1,392,302,824**	1,012,781,060
Additions	39,781,703	7,470,691	25,705,694	4,389,233	275,971,176	**353,318,497**	390,995,354
Disposals	(7,835,986)	(741,061)	(2,901,270)	(21,255)	-	**(11,499,572)**	(8,043,606)
Written off	(1,547,718)	-	(293,500)	(51,657)	-	**(1,892,875)**	(3,429,984)
Transfer	165,948,914	-	148,121,045	9,790,638	(323,860,597)	**-**	-
At the end of the year	**766,428,933**	**54,767,095**	**691,120,970**	**61,053,435**	**158,858,441**	**1,732,228,874**	**1,392,302,824**
Depreciation							
At the beginning of the year	259,291,426	34,361,398	185,275,631	36,180,945	-	**515,109,400**	415,526,226
Charge for the year	77,865,849	5,490,320	58,428,270	7,937,117	-	**149,721,556**	109,711,240
Relating to disposals	(6,839,312)	(616,674)	(1,955,909)	(6,896)	-	**(9,418,791)**	(7,316,896)
Relating to written-off	(1,228,006)	-	(292,301)	(51,314)	-	**(1,571,621)**	(2,811,170)
At the end of the year	**329,089,957**	**39,235,044**	**241,455,691**	**44,059,852**	**-**	**653,840,544**	**515,109,400**
Net book amounts:							
At 31 December 2017	**437,338,976**	**15,532,051**	**449,665,279**	**16,993,583**	**158,858,441**	**1,078,388,330**	
At 31 December 2016	**310,790,594**	**13,676,067**	**335,213,370**	**10,765,531**	**206,747,862**		**877,193,424**

a- Capital work in progress represents cost incurred by the subsidiaries for renovation of existing branches and setting up of new branches.

b- Depreciation charged for the year is allocated as follows:

	2017 SR	2016 SR
Selling and distribution expenses (note 12)	**142,165,765**	102,711,760
General and administration expenses (note 13)	**7,555,791**	6,999,480
	149,721,556	109,711,240

8. ACCOUNTS PAYABLE AND ACCRUALS

	2017 SR	2016 SR
Trade accounts payable	**639,913,115**	564,983,534
Accrued and other payables	**370,794,306**	273,795,487
Unearned income	**21,969,104**	24,962,281
Amounts due to related parties	**9,917,777**	19,215,698
	1,042,594,302	882,957,000

9. ZAKAT

The Parent Company has obtained an approval from GAZT for the consolidated filing of zakat return from the year ended 2016 onwards. Accordingly, zakat is assessed on consolidated basis effective 2016.

A- Charge for the year

The zakat charge consists of:

	2017 SR	2016 SR
Provision for the year	**11,918,465**	13,378,186
Prior year adjustment	**(9,156,597)**	-
	2,761,868	13,378,186

The provision is based on the following:

	2017 SR	2016 SR
Equity	**529,650,051**	530,500,000
Opening provision and other adjustments	**61,908,142**	51,293,938
Book value of non-current assets	**(1,078,388,330)**	(877,193,424)
	(486,830,137)	(295,399,486)
Zakatable income for the year	**476,738,538**	535,127,440
Zakat base	**476,738,538**	535,127,440

9. ZAKAT (continued)

B- Movements in provision during the year:

The movement in the zakat provision for the year was as follows:

	2017	2016
	SR	SR
At the beginning of the year	**14,415,306**	13,502,292
Provided during the year	**2,761,868**	13,378,186
Paid during the year	**(287,168)**	(12,465,172)
At the end of the year	**16,890,006**	14,415,306

C- Status of assessments

Parent Company

Bin Dawood Holding Company - A Closed Saudi Joint Stock Company

The Parent Company has filed zakat declarations with the General Authority for Zakat and Tax (GAZT) for the period ended 31 December 2011 and for the years ended 31 December 2012 through 2016 and obtained zakat certificate. The assessments for the period ended 31 December 2011 and for the years ended 31 December 2012 through 2016 have not yet been raised by GAZT.

Subsidiaries

Bin Dawood Superstores Company - A Limited Liability Company:

The subsidiary has finalised its zakat assessments with GAZT for all years up to 2011. The subsidiary has filed zakat declarations for the years 2012 through 2015 and obtained zakat certificate. The assessments for the years 2012 through 2015 have not yet been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2016 and obtained the zakat certificate.

Danube Company for Foodstuffs and Commodities - A Limited Liability Company:

The subsidiary has finalised its zakat assessments with GAZT for all years up to 2009.

During the previous year, GAZT raised assessments for the years 2010 through 2013 with an additional liability of SR 11.98 million. The subsidary's management is considering to file an appeal against these assessments. The management is confident that their contention will prevail and expects a favorable outcome arising from the appeal. Accordingly, no provision in respect of SR 11.98 million is made in these consolidated financial statements.

The subsidiary has filed zakat declaration for the years 2014 and 2015 and obtained zakat certificate. The assessment for the year 2014 and 2015 has not been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2016 and obtained the zakat certificate.

Danube Star for Bakeries and Marketing Company Limited:

The subsidiary has finalised its zakat assessments with GAZT for all years up to 2009. The subsidiary has filed zakat declarations for the years 2010 through 2015 and obtained zakat certificate. The assessments for the years 2010 through 2015 have not yet been raised by GAZT. The Parent Company has filed its consolidated zakat declaration for the year 2016 and obtained the zakat certificate.

10. CAPITAL

As at 31 December 2016 and 31 December 2017, the share capital of the Parent Company is divided into 53,000,000 shares of SR 10 each and distributed among the shareholders as follows:

Name of Shareholders	Nationality	Holding	No. of shares	Amount SR
Akasiya Star Trading Company Limited	Saudi	84.465%	44,766,450	**447,664,500**
Abdullah Bin Dawood Son's and Company Limited	Saudi	8.535%	4,523,550	**45,235,500**
Commercial Growth Development Company Limited	Saudi	7%	3,710,000	**37,100,000**
		100%	53,000,000	**530,000,000**

11. STATUTORY RESERVE

In accordance with the Parent Company's Articles of Association, the Parent Company must set aside 10% of its net income in each year to a statutory reserve until the reserve equals 30% of the capital. The reserve is not available for distribution.

12. SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	SR	SR
Employee costs	**334,449,297**	253,282,849
Rent	**278,044,354**	229,848,701
Depreciation (note 7)	**142,165,765**	102,711,760
Utilities	**96,269,105**	77,521,543
Packaging cost	**44,066,829**	42,083,128
Repairs and maintenance	**19,577,678**	18,375,778
Advertising	**8,996,301**	12,814,780
Others	**52,257,018**	46,041,969
	975,826,347	782,680,508

13. GENERAL AND ADMINISTRATION EXPENSES

	2017	2016
	SR	SR
Employee costs	**86,094,004**	73,427,748
Management remuneration (note 6)	**27,810,000**	29,735,000
Depreciation (note 7)	**7,555,791**	6,999,480
Rents	**4,905,524**	4,854,802
Insurance	**1,693,501**	1,801,205
Repairs and maintenance	**2,751,857**	2,597,082
Utilities	**1,256,624**	1,231,531
Directors' remuneration (note 6)	**400,000**	400,000
Others	**19,268,299**	13,543,824
	151,735,600	134,590,672

14. GANDOLA INCOME

Gandola income mainly includes income from shelf rental, product display and shop rentals.

15. OTHER INCOME

	2017 SR	2016 SR
(Loss) / Gain on write-off and disposal of property and equipment, net	**(1,090,529)**	71,143
Early payment discount	**9,257,614**	11,569,930
Miscellaneous income	**6,236,333**	17,949,250
	14,403,418	29,590,323

16. CONTINGENCIES AND COMMITMENTS

The Group has outstanding letters of credit to import goods amounting to SR 66.93 million at 31 December 2017 (2016: SR 46.06 million) and outstanding letters of guarantee amounting to SR 6.7 million at 31 December 2017 (2016: SR 24.37 million).

The Group has annual long term cancellable lease commitments totalling SR 630 million (2016: SR 274 million) relating to branch rentals for the periods ranging up to 25 years.

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 Limited have provided corporate guarantees amounting to SR 887.75 million (2016: SR 6.78 billion) to local banks in respect of banking facilities obtained by an affiliate of the Group.

17. RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or future profitability will fluctuate due to changes in the market interest rates. The Group is not exposed to interest rate risk as the Group does not have any interest bearing assets or liabilities as at 31 December 2017.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by settling sales transactions in cash or through credit cards.

With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the consolidated balance sheet.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to 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 Riyals, Euros and US Dollars during the year. As the Saudi Riyal is pegged to US Dollar, balances in US Dollars are not considered to represent significant currency risk. Accounts payable include an amount of SR 209 million (2016: SR 184 million) due in Euros.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The Group financial liabilities consist of accounts payable and accruals. All these financial liabilities are expected to be settled within 12 months of the balance sheet date and the Group expect to have adequate funds available to do so.

18. KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on expected selling prices.

Useful lives of property and equipment

The management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group's financial assets consist of bank balances and cash, and accounts receivable, and its financial liabilities consist of accounts payable and dividend payable. The fair values of financial instruments are not materially different from their carrying values.

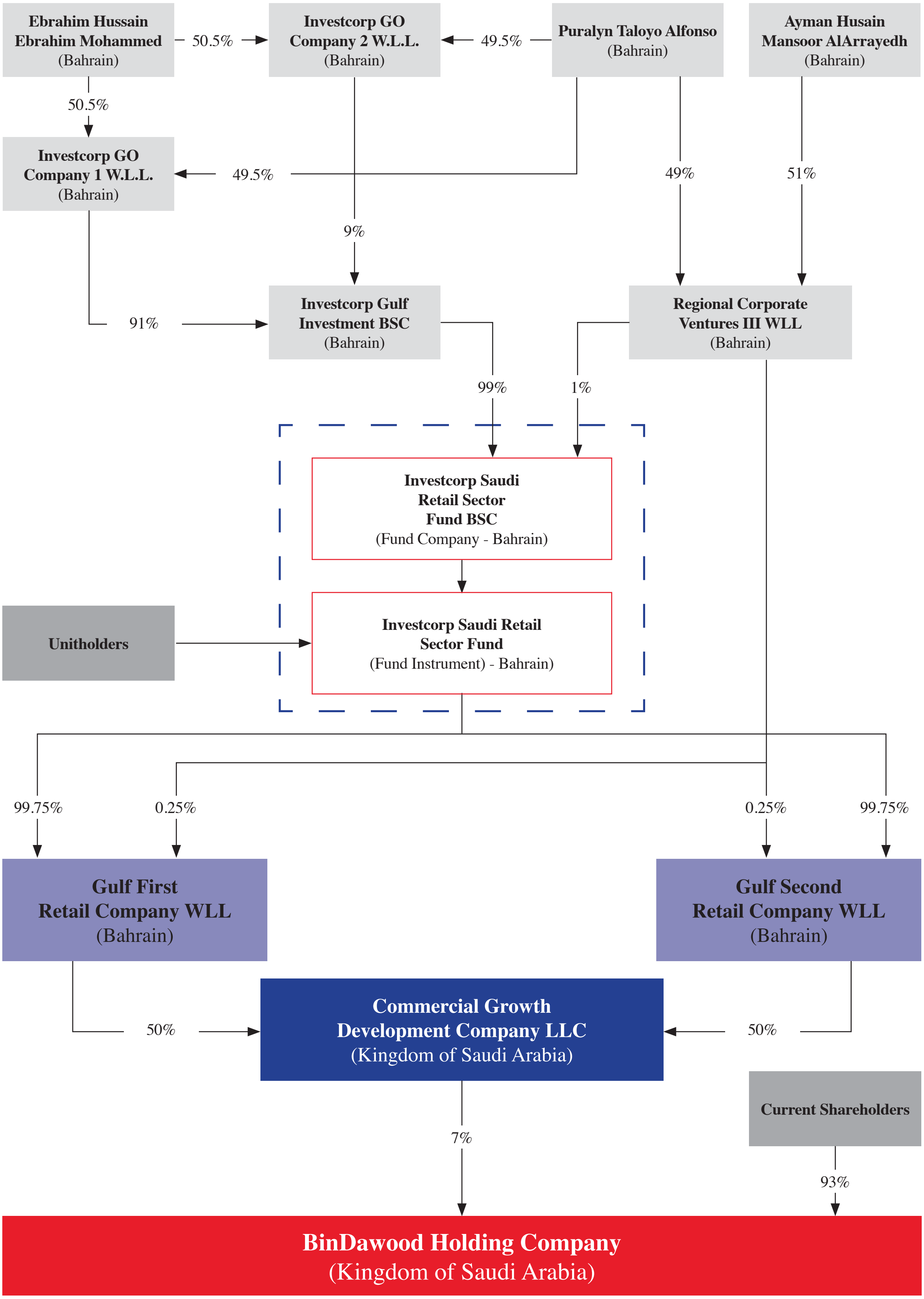
Appendix (1):

This Appendix contains more detailed information regarding the shareholding structure of Commercial Growth Development Company, a Saudi limited liability company registered under commercial registration No. 1010439661 dated 21/2/1437H (corresponding to 4/12/2015G). Commercial Growth Development Company's head office and registered office is located in Riyadh, AlFaisaliah Tower, P.O. Box 61992, Riyadh 11575, Kingdom of Saudi Arabia. The current share capital of Commercial Growth Development Company is SAR 100,000, divided into 10,000 shares with a fully paid cash value of SAR 10 per share.

The principal activities of Commercial Growth Development Company are importing, exporting and retail trading of foodstuff. As of the date of this Prospectus, Commercial Growth Development Company holds 8,001,000 Shares in the Company (representing 7.0% of its capital). There are no operating revenues or operating commercial activities attributed to Commercial Growth Development Company.

The following chart sets out the ownership structure of Commercial Growth Development Company as at the date of this Prospectus:

Figure: Ownership Structure of Commercial Growth Development Company as at the date of this Prospectus



Source: The Company.

The following table sets out the ownership structure of Commercial Growth Development Company as of the date of this Prospectus:

Ownership Structure of Commercial Growth Development Company as of the date of this Prospectus

Shareholder	No. of Shares	Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
Gulf First Retail Company W.L.L.	5000	10	50,000	50.0%
Gulf Second Retail Company W.L.L.	5000	10	50,000	50.0%
Total	**10,000**	**10**	**100,000**	**100.0%**

Source: The Company.

The ownership structure of the Company is in compliance with the Foreign Investment Act (the "**FIA**") and the other relevant regulations pursuant to which the issuance of a foreign investment license by the Ministry of Investment of Saudi Arabia is applicable to business entities based in the Kingdom that are wholly or partially owned by persons other than: (i) GCC nationals; and/or (ii) companies established within the GCC that are whollyowned by GCC nationals (Clause (e) of Article 1 of the FIA and Article 3 of the Economic Agreement Between the GCC States).

The licensing requirements of the FIA are not applicable to business entities that are wholly owned by: (i) GCC nationals; and/or (ii) companies established within the GCC that are whollyowned by GCC nationals. Moreover, the licensing requirements of the FIA are only applicable to foreign investments made by way of legal ownership of the underlying equity interest, whether directly or indirectly, as evidenced by the relevant constitutional documents.

Accordingly, the licensing requirements of the FIA are not applicable to the Company given that all of the direct and indirect shareholders of record (legal owners) in the Company are either GCC nationals, or are companies that were established within the GCC and whose shareholders consist wholly of GCC nationals pursuant to their respective constitutional documents.

Descriptions of Commercial Growth Development Company's shareholders are set out below:

GULF FIRST RETAIL COMPANY W.L.L. & GULF SECOND RETAIL COMPANY W.L.L.

Overview of Ownership Structure of Gulf First Retail Company W.L.L.

Gulf First Retail Company W.L.L. is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration No. 951631 dated 24/12/1436H (corresponding to 07/10/2015G). Gulf First Retail Company W.L.L.'s head office and registered office is located in Flat 13, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (SAR 200,000) divided into 400 shares with a fully paid up value of BHD 50 per share (SAR 500).

As at the date of this Prospectus, Gulf First Retail Company W.L.L. operates primarily as a holding company holding 5000 shares in Commercial Growth Development Company (representing 50% of its capital). Gulf First Retail Company W.L.L. is a special purpose vehicle ("SPV") used in the legal structure of Investcorp Saudi Retail Sector Fund.

As at the date of this Prospectus, Gulf First Retail Company W.L.L. is an indirect owner of 3.5% of Company Shares on behalf of Investcorp Saudi Retail Sector Fund Company B.S.C.(c). Post-Offering, the indirect shareholding of Gulf First Retail Company W.L.L. in the Company shall be reduced to 2.8%.

The following table sets out the ownership structure of Gulf First Retail Company W.L.L. as at the date of this Prospectus:

Ownership structure of Gulf First Retail Company W.L.L. as of the date of this Prospectus

Shareholders	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Saudi Retail Sector Fund Company B.S.C.(c)	399	19,950	199,500	99.75%
Regional Corporate Ventures III W.L.L.	1	50	500	0.25%
Total	**400**	**20,000**	**200,000**	**100.00%**

Source: The Company.

Overview of Ownership Structure of Gulf Second Retail Company W.L.L.

Gulf Second Retail Company W.L.L. is a Bahraini Limited Liability Company, registered in the Kingdom of Bahrain under commercial registration No. 95149-1 dated 23/12/1436H (corresponding to 06/10/2015G). Gulf Second Retail Company W.L.L.'s head office and registered office is located in Flat 13, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (SAR 200,000) divided into 400 shares with a fully paid up value of BHD 50 (SAR 500) per share.

As at the date of this Prospectus, Gulf Second Retail Company W.L.L. operates primarily as a holding company holding 5000 shares in Commercial Growth Development Company (representing 50% of its capital). Gulf Second Retail Company W.L.L. is a special purpose vehicle ("SPV") used in the legal structure of Investcorp Saudi Retail Sector Fund.

As at the date of this Prospectus, Gulf Second Retail Company W.L.L. is an indirect owner of 3.5% of Company Shares on behalf of Investcorp Saudi Retail Sector Fund Company B.S.C.(c). Post-Offering, the indirect shareholding of Gulf Second Retail Company W.L.L. in the Company shall be reduced to 2.8%.

The following table sets out the ownership structure of Gulf Second Retail Company W.L.L. as at the date of this Prospectus:

Ownership structure of Gulf Second Retail Company W.L.L. as of the date of this Prospectus

Shareholders	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Saudi Retail Sector Fund B.S.C.(c)	399	19,950	199,500	99.75%
Regional Corporate Ventures III W.L.L.	1	50	500	0.25%
Total	**400**	**20,000**	**200,000**	**100.00%**

Source: The Company.

Descriptions of Gulf First Retail Company W.L.L. & Gulf Second Retail Company W.L.L shareholders are set out below:

Investcorp Saudi Retail Sector Fund Company B.S.C.(c)

Investcorp Saudi Retail Sector Fund Company B.S.C.(c) is a closed joint stock company with registration number 95692-1, incorporated in Bahrain on 22/10/1426H (corresponding to 24/11/2005G). Investcorp Saudi Retail Sector Fund Company B.S.C.(c) was formed for the sole purpose of establishing Investcorp Saudi Retail Sector Fund, which is a Bahrain domiciled closedended exempt collective investment undertaking registered with the Central Bank of Bahrain. The principal purpose of Investcorp Saudi Retail Sector Fund is to invest in one or more investments in the retail sector within the Kingdom of Saudi Arabia.

Investcorp Saudi Retail Sector Fund Company B.S.C.(c) does not conduct any activities directly related to Investcorp Saudi Retail Sector Fund or otherwise, and it does not compete with the Company's business. Investcorp Saudi Retail Sector Fund Company B.S.C.(c) is a 99% owned subsidiary of Investcorp Gulf Investments B.S.C.(c), with the other 1% being owned by Regional Corporate Ventures III W.L.L.

The following table sets out the shareholding in Investcorp Saudi Retail Sector Fund Company B.S.C.(c) as at the date of this Prospectus:

Investcorp Saudi Retail Sector Fund Company B.S.C.(c)'s Shareholding Structure as of the date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp Gulf Investments B.S.C. (c).	99	990	9,900	99.0%
Regional Corporate Ventures III W.L.L.	1	10	100	1.0%
Total	**100**	**1,000**	**10,000**	**100.0%**

Source: The Company.

Descriptions of Investcorp Saudi Retail Sector Fund Company B.S.C.(c)'s shareholders are set out below:

Investcorp Gulf Investments B.S.C.(c)

Investcorp Gulf Investments B.S.C.(c) is registered under commercial registration No. 66923-1 dated 27/11/1428H (corresponding to 7/11/2007G). Investcorp Gulf Investments B.S.C.(c)'s head office and registered office is located in Flat 42, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 250,000 (SAR 2,500,000) divided into 25,000 shares with a fully paid up nominal value of BHD 10 (SAR 100) per share. Investcorp Gulf Investments B.S.C.(c) is a Bahrain shareholding company (closed) that is licensed by the Central Bank of Bahrain as Investment Business Firm – category 2 and whose sole purpose is to act as a promoter of investment funds.

As at the date of this Prospectus, Investcorp Gulf Investments B.S.C.(c) operates, among other funds, as the fund promoter of Investcorp Saudi Retail Sector Fund, holding 99 Shares in Investcorp Saudi Retail Sector Fund Company B.S.C.(c) (representing 99% of its capital).

The following table sets out the shareholding in Investcorp Gulf Investments B.S.C.(c) as at the date of this Prospectus:

Investcorp Gulf Investments B.S.C.(c)'s Shareholding Structure as of the date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Investcorp GO Company 1 W.L.L.	22,750	227,500	2,275,000	91.0%
Investcorp GO Company 2 W.L.L.	2,250	22,500	225,000	9.0%
Total	**25,000**	**250,000**	**2,500,000**	**100.0%**

Source: The Company.

Descriptions of Investcorp Gulf Investments B.S.C.(c)'s shareholders are set out below:

Investcorp GO Company 1 W.L.L.

Investcorp GO Company 1 W.L.L. is registered under commercial registration No. 66849-1 dated 18/10/1428H (corresponding to 30/10/2007G). Investcorp GO Company 1 W.L.L.'s head office and registered office is located in Flat 1, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (SAR 200,000) divided into 400 shares with a fully paid up value of BHD 50 per share (SAR 500).

As at the date of this Prospectus, Investcorp GO Company 1 W.L.L. serves primarily as a holding company, holding in particular shares in Investcorp Gulf Investments B.S.C.(c).

The following table sets out the shareholding in Investcorp GO Company 1 W.L.L. as at the date of this Prospectus:

Investcorp GO Company 1 W.L.L.'s Shareholding Structure as of the date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Ebrahim Hussain Ebrahim Mohammed	202	10,100	101,000	50.5%
Puralyn Taloyo Alfonso Fiel	198	9,900	99,000	49.5%
Total	**400**	**20,000**	**200,000**	**100.0%**

Source: The Company.

Descriptions of Investcorp GO Company 1 W.L.L.'s shareholders are set out below:

Ebrahim Hussain Ebrahim Mohammed

Mr. Ebrahim Hussain Ebrahim Mohammed, a Bahraini national, holds shares of Investcorp GO Company 1 W.L.L. and Investcorp GO Company 2 W.L.L. as nominee for Investcorp Bank BSC pursuant to a nominee arrangement. All voting and management rights with respect to these shares have been delegated to the representatives of Investcorp Management Services Limited acting as fund manager pursuant to a power of attorney. The purpose of the power of attorney is to enable the fund manager to direct the voting of the legal shares in the best interests of Investcorp Saudi Retail Sector Fund and the unitholders.

Puralyn Taloyo Alfonso Fiel

Mrs. Puralyn Taloyo Alfonso Fiel, a Bahraini national, holds shares of Investcorp GO Company 1 W.L.L. and Investcorp GO Company 2 W.L.L. as nominee for Investcorp Bank B.S.C. pursuant to a nominee arrangement. All voting and management rights with respect to these shares have been delegated to the representatives of Investcorp Management Services Limited acting as the Investcorp Saudi Retail Sector Fund manager pursuant to a power of attorney. The purpose of the power of attorney is to enable the fund manager to direct the voting of the legal shares in the best interests of Investcorp Saudi Retail Sector Fund and the unitholders.

Under the Bahraini legislative framework, the direct and beneficial shareholders of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) do not have any rights over the assets of Investcorp Saudi Retail Sector Fund other than the share capital of BHD 1,000, whether during the life of Investcorp Saudi Retail Sector Fund or upon its liquidation (this is achieved by way of a contractual, not structural, arrangement).

Investcorp GO Company 2 W.L.L.

Investcorp GO Company 2 W.L.L. is registered under commercial registration No. 66848-1 dated 18/10/1428H (corresponding to 30/10/2007G). Investcorp GO Company 2 W.L.L.'s head office and registered office is located in Flat 11, Building 499, Road 1706, Diplomatic Area 317, Kingdom of Bahrain. The current share capital of the company is BHD 20,000 (SAR 200,000) divided into 400 shares with a fully paid up value of BHD 50 per share (SAR 500). Investcorp GO Company 2 W.L.L. is a holding company that was established to be a shareholder in Investcorp Gulf Investments B.S.C.(c). due to the requirement of the Bahrain Commercial Companies Law that a Bahrain shareholding company (closed) have two shareholders.

As at the date of this Prospectus, Investcorp GO Company 2 W.L.L. serves primarily as a holding company, holding shares in Investcorp Gulf Investments B.S.C.(c).

The following table sets out the shareholding in Investcorp GO Company 2 W.L.L. as at the date of this Prospectus:

Investcorp GO Company 2 W.L.L.'s Shareholding Structure as of the date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Ebrahim Hussain Ebrahim Mohammed	202	10,100	101,000	50.5%
Puralyn Taloyo Alfonso Fiel	198	9,900	99,000	49.5%
Total	**400**	**20,000**	**200,000**	**100.0%**

Source: The Company.

Descriptions of Investcorp GO Company 2 W.L.L.'s shareholders, Ebrahim Hussain Ebrahim Mohammed and Puralyn Taloyo Fiel, are set out above.

Overview of Regional Corporate Ventures III WLL

Regional Corporate Ventures III WLL is a Bahraini limited liability company registered in Bahrain under Commercial Registration No. 93657-1 dated 07/22/1436H (corresponding to 05/11/2015G). The head office of Regional Corporate Ventures III WLL is located at Flat No. 2030, Building No. 2648, Street 5720, Amwaj 257, Kingdom of Bahrain. Its capital is BHD 20,000 (equivalent to SAR 200,000 SAR) divided into 400 shares with a fully paid cash value of BHD 50 per share (equivalent to SAR 500 SAR).

As at the date of this Prospectus, Regional Corporate Ventures III WLL serves primarily as a holding company holding shares in Investcorp Saudi Retail Sector Fund B.S.C.(c).

The following table sets out the shareholding in Regional Corporate Ventures III WLL as at the date of this Prospectus:

Regional Corporate Ventures III WLL's Shareholding Structure as of the date of this Prospectus

Shareholder	No. of Shares	Value of Shares (BHD)	Value of Shares (SAR)	Ownership Percentage
Ayman Husain AlArrayedh	204	10,200	102,000	51.0%
Puralyn Taloyo Alfonso Fiel	196	9,800	98,000	49.0%
Total	**400**	**20,000**	**200,000**	**100.0%**

Source: The Company.

Descriptions of Regional Corporate Ventures III WLL's shareholders, Ayman Husain AlArrayedh and Puralyn Taloyo Fiel, are set out above.

Overview of Investcorp Saudi Retail Sector Fund in the Ownership Structure

Investcorp Saudi Retail Sector Fund is a closed-ended exempt investment fund established according to the Collective Investment Undertakings Regulations, and is registered with the Central Bank of Bahrain. The unitholders of Investcorp Saudi Retail Sector Fund do not have any management control over the decisions of Investcorp Saudi Retail Sector Fund. The fund manager is responsible for making all investment decisions in connection with Investcorp Saudi Retail Sector Fund's B.S.C.(c) investments, and the fund administrator and the custodian are responsible for undertaking all administrative and custodial actions in connection with Investcorp Saudi Retail Sector Fund, whereas the rights of unitholders in Investcorp Saudi Retail Sector Fund are limited to the right to receive proceeds as described in the private placement memorandum prepared in relation to Investcorp Saudi Retail Sector Fund and other limited rights that are described in the instrument pursuant to which Investcorp Saudi Retail Sector Fund was created. While the unitholders in Investcorp Saudi Retail Sector Fund are considered beneficial owners of all the assets of which Investcorp Saudi Retail Sector Fund B.S.C.(c) is the legal owner on behalf of Investcorp Saudi Retail Sector Fund, including any equity investments made by Investcorp Saudi Retail Sector Fund Company B.S.C.(c) on behalf of Investcorp Saudi Retail Sector Fund (such as Investcorp Saudi Retail Sector Fund Company B.S.C.(c)'s stake in Gulf First Retail Company W.L.L. and Gulf Second Retail Company W.L.L.), the unitholders do not enjoy any of the rights set out in the Companies' Law, the CML or its implementing rules issued thereunder or the Company's Bylaws including the right to vote or any rights conferred by the Shares to the Shareholders. Moreover, pursuant to the terms and conditions of Investcorp Saudi Retail Sector Fund, its unitholders have no contractual right to receive the Shares in the Company.

Pursuant to the CIU Regulations, Bahrain domiciled CIUs/funds may be constituted either as common CIUs established under the law of contract, trusts established under the Financial Trusts Law, or Corporates established under the Companies Law. Each Bahrain domiciled CIU/fund must have its separate legal vehicle.

Investcorp Saudi Retail Sector Fund has been structured as a fund exempt from CIU undertakings pursuant to the CIU Regulations as a contractual arrangement between Investcorp Saudi Retail Sector Fund Company B.S.C.(c) and the investors. This is the most common form of fund structure in Bahrain and would fall under the category of common CIUs as described above. Investcorp Saudi Retail Sector Fund does not have a separate legal status and the investors have subscribed to the units in Investcorp Saudi Retail Sector Fund and not to the shares in Investcorp Saudi Retail Sector Fund Company B.S.C.(c). As Investcorp Saudi Retail Sector Fund does not have separate legal status, any investments and contractual arrangements are made by Investcorp Saudi Retail Sector Fund Company B.S.C.(c) acting on behalf of Investcorp Saudi Retail Sector Fund and Investcorp Saudi Retail Sector Fund Company B.S.C.(c) is the legal owner of the 99.75% ownership interest in Gulf First Retail Company W.L.L. and 99.75% ownership in Gulf Second Retail Company W.L.L.. However, under the Bahraini legislative framework applicable to Investcorp Saudi Retail Sector Fund, the direct and beneficial shareholders of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) do not have any rights over the assets or the management of Investcorp Saudi Retail Sector Fund, whether during the life of Investcorp Saudi Retail Sector Fund or upon its liquidation. As per the CIU Regulations, the assets, financial instruments and investments of Investcorp Saudi Retail Sector Fund are held by the custodian for and on behalf of Investcorp Saudi Retail Sector Fund (this is achieved by way of a contractual, not structural, arrangement). As a result, despite being the legal owner, Investcorp Saudi Retail Sector Fund Company B.S.C.(c) does not beneficially own any assets on its own (or its shareholders') behalf. All payments and receipts of finances pertaining to Investcorp Saudi Retail Sector Fund are made by the custodian, who will not release any funds to the shareholders of Investcorp Saudi Retail Sector Fund Company B.S.C.(c). Upon liquidation, in accordance with the above, the remaining assets of Investcorp Saudi Retail Sector Fund will be distributed to the unitholders of Investcorp Saudi Retail Sector Fund. The liquidation of Investcorp Saudi Retail Sector Fund also requires a number of approvals from the unitholders as well as the Central Bank of Bahrain.

The board of directors of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) is responsible for the overall management and supervision of Investcorp Saudi Retail Sector Fund. Subject to the prior approval of the Central Bank of Bahrain, the directors of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) are nominated and appointed by Investcorp Gulf Investments B.S.C.(c), who must immediately notify the Central Bank of Bahrain when a board member submits his resignation from his position or if his membership is terminated, together with an explanation as to the reasons why, and removal of a board member of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) would need a shareholders resolution passed at the shareholders meeting in accordance with the Bahrain Commercial Companies Law and the relevant articles of association. The Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism must be invited to all shareholders meetings.

The CIU Regulations require that the operator of a Bahrain domiciled fund must hold an appropriate license issued by the Central Bank of Bahrain or by a financial services regulator of an overseas jurisdiction. Investcorp Gulf Investments B.S.C.(c) is duly licensed as an investment business firm – category 2 by the Central Bank of Bahrain and is authorized to operate a collective investment undertaking.

Keypoint Consulting W.L.L. provides administrator and registrar services to Investcorp Saudi Retail Sector Fund and is duly licensed to do so. Keypoint Trust B.S.C. (c) provides custodian services to Investcorp Saudi Retail Sector Fund and is duly licensed to do so. Investcorp Saudi Retail Sector Fund is managed by Investcorp Management Services Limited.

The following summarizes the key information related to Investcorp Saudi Retail Sector Fund:

Date of Registration and Term: Investcorp Saudi Retail Sector Fund was registered on 7/2/1437H (corresponding to 09/11/2015G) by the Central Bank of Bahrain. The duration of Investcorp Saudi Retail Sector Fund is ten Gregorian years subject to the fund manager's right to extend the term for up to two additional oneyear periods to permit an orderly dissolution of Investcorp Saudi Retail Sector Fund.

Investment Objective: Investcorp Saudi Retail Sector Fund's B.S.C.(c) investment objective is to invest in one or more private investments in the retail sector within the Kingdom of Saudi Arabia.

Exit Strategy: Investcorp Saudi Retail Sector Fund's B.S.C.(c) objective is to exit investments through various mediums including initial public offerings, trade sales to local, regional or foreign investors and sales to other private equity investors before the expiration of its term (including the twoyear extension period described above). There is no default mechanism in place as at the date of this Prospectus for the liquidation of Investcorp Saudi Retail Sector Fund at the expiration of its term.

Board of Directors: The board of directors of Investcorp Saudi Retail Sector Fund Company B.S.C.(c) is comprised of four individuals (Ebrahim Husain Ebrahim Mohamed, Ayman Husain Mansoor AlArrayedh, Syed Abbas Marghoob Rizvi and Rohit Nanda), of which none owns any direct or beneficial interest in the Company. Moreover, none of the directors has any legal or beneficial ownership in the Company.

Investcorp Saudi Retail Sector Fund Company B.S.C.(c) maintains a diversified base of investors who have subscribed for units in Investcorp Saudi Retail Sector Fund. Through the legal structure of Investcorp Saudi Retail Sector Fund, its unitholders are deemed, according to the applicable Saudi law, to be the beneficial owners of 7.0% of the Shares in the Company as at the date of this Prospectus and will be deemed to beneficially own only 5.6% after the Offering. There are no unitholders in Investcorp Saudi Retail Sector Fund beneficially owning 5.0% or more of the Shares in the Company.

bindawoodholding.com