

At 30 June 2020

BMMI Supplementary Public Disclosure - Financial Impact of COVID-19

With the onset of COVID-19, economies across the Globe have been severely impacted by loss of lives, panic and uncertainty. Demand for essential goods rose in the ensuing panic while non-essential demand plummeted. Significant uncertainty continues with respect to ease of lockdowns, social distancing norms and long-term impact of the pandemic on economic and social well-being.

BMMI has not been immune to the pandemic impact. The Group started 2020 strongly, delivering net profit growth of 17% after the first 2 months . COVID-19 hit our business in the last week of February and has significantly impacted our business until Q2 and continues to do so. The key domestic impact is with the closure of the hospitality sector and the closure of the Saudi Causeway. This has resulted in a downturn across many of our business units but most significantly in our Beverage Division.

Below is an assessment of key impacts BMMI has observed in its operations for the six-month period ended 30 June 2020.

Revenue	<p>With the closure of Saudi Causeway and Beverages Retail outlets, the BMMI Shops witnessed drop in revenue of BD 6.4 million.</p> <p>Alosra retail shops noted a surge in sales due to COVID induced panic buy of BD 1.8 million.</p> <p>Bayader restaurants have remained closed since the beginning of pandemic and has lost estimated sales of BD 450 thousand.</p> <p>Banader Hotel noted significant reduction in occupancy rates and has loss an estimated sales of BD 1 million.</p>
Other income	<p>Investment income fell by BD 20 thousand as direct impact of the Companies declaring lower dividend in lieu of the Pandemic.</p> <p>Rental income fell by BD 12 thousand as rent concessions were offered by the management as COVID relief to the tenants.</p>
Other expense	<p>The Pandemic resulted in several novel expenses in the Group:</p> <ul style="list-style-type: none">• Information Technology - To facilitate remote working, several upgrades were introduced costing BD 50 thousand.• Facilities Management - Sanitization and employee hygiene measures in the workplace costing BD 54 thousand.
Government support	<p>Government rendered several pandemic reliefs to the corporates. The impact on BMMI is below:</p> <ul style="list-style-type: none">• Bahraini Salary Support of BD 610 thousand.• Utility Support of BD 117 thousand.• Loan repayment exemption resulted in a cashflow impact of BD 783 thousand and income impact of BD 44 thousand .
Net profit	<p>The impact of the above has resulted in decrease in consolidated profit of the Group by approximately BD 2 million for the six-month period ended 30 June 2020.</p>

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Commitments and contingent liabilities

The Group has assessed impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, suppliers and customers, with a view of potential commitments or contingent liabilities. No such issues were noted.

Going concern

In response to significant change in market conditions, BMMI assessed the Group's ability to continue as a going concern. Despite market turmoil, BMMI has closed the quarter with a profit capitalizing on diversified business and strong focus on e-commerce. Moreover, BMMI has successfully secured higher loan limits with the banks to facilitate smooth cash flow. Combining these factors with BMMI's strong reserves, the management has complete comfort in the going concern ability of the Group and the interim condensed consolidated financial statements for the six-month period ended 30 June 2020 have been prepared on a going concern basis.