

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% during the first 2 months. COVID-19 hit our business in the last week of February and has significantly impacted our business until Q3 and continues to do so. The key domestic impact is the closure of the hospitality sector. 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 since the beginning of COVID-19 pandemic:

Revenue	<p>With the restriction, travel limitation and Beverages Retail outlets, the BMMI Shops witnessed drop in revenue of BD 11.5 million</p> <p>Alosra retail outlets noted a surge in sales due to COVID-19 induced panic buy (BD 2.4 million)</p> <p>Bayader restaurants have remained closed since the beginning of COVID-19 pandemic and has lost estimated sales of BD 810 thousand</p> <p>Banader Hotel noted significant reduction in occupancy rates and has loss an estimated revenue of BD 1.6 million.</p>
Other income	<p>Investment income fell by BD 300 thousand as direct impact of the Companies declaring lower dividend in lieu of the COVID-19 pandemic.</p> <p>Rental income fell by BD 18 thousand as rent concessions were offered by the management as COVID-19 pandemic 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 70 thousand.
Government support	<p>Government rendered several COVID-19 pandemic reliefs to the corporates. The impact on BMMI is below:</p> <ul style="list-style-type: none">• Bahraini Salary Support of BD 851 thousand.• Utility Support of BD 208 thousand.• Loan repayment exemption resulted in a cashflow impact of BD 1.4 million with reduction in finance costs of BD 409 thousand.
Rent expenses concession	<p>BMMI received concession in rent expenses from various leases amounting to BD 38 thousand.</p>
Net profit	<p>The impact of the above has resulted in decrease in consolidated profit of the Group by approximately BD 3.6 million for the nine-month period ended 30 September 2020.</p>

At 30 September 2020

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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 nine-month period ended 30 September 2020 have been prepared on a going concern basis.



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