Cenomi Retail

2023

Annual Report

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Executive Summary

Executive Summary

Cenomi Retail is the largest franchise retailer in Saudi Arabia and a pioneering brand partner for brands from across the globe looking to expand their footprint in the Kingdom, Middle East and CIS regions. Cenomi Retail currently represents 67 brands and is dedicated to delivering a new era of retail and experiences in the Kingdom and beyond.

2023 saw the continuation of Cenomi Retail's significant turnaround strategy, focused on building Champion brands in Fashion, led by Inditex, and top-tier Food and Beverage brands.

During 2023, significant progress has been made on the retail portfolio optimization across Saudi Arabia and International markets. As a result of the optimization, 16 brands were in the process of being sold, and a number of international markets were either exited or right sized. To date, despite the macro issues impacting the overall retail market and the steepest interest rates in a generation, this strategy is delivering improved operating metrics, increased efficiencies and a single-minded focus on spearheading growth with Champion and Tier 1 brands.

In 2023, Cenomi Retail expanded its offering with new brand partnerships, including opening the first FNAC store in Saudi Arabia, further expanding its consumer offering. The company remains committed to being the retail brand partner of choice and the number one retailer for consumers in the Kingdom as it continues to identify and work with brands that align with its strategic goals and deliver long-term shareholder value.

Financial Highlights

Revenues
SAR
5,2
BN

Gross Profit
SAR
646.5
MN

Net Profit
SAR
-1,113
MN

EBITDA
SAR
-105.5
MN

International Revenues
SAR
1.1
BN

Online Sales
SAR
319.1
MN

Strategic Highlights

- Store rationalization programme delivers solid progress
- Progress of brand divestment with 16 brands in process of being sold
- First FNAC store opens in Saudi Arabia
- 'KSA-First' and Champion Brand and Tier 1 strategy continues to deliver
- F&B sector transformation continues with Subway & Cinnabon driving digital sales growth
- Partnership with Tabby MENA's leading Buy-Now-Pay-Later, a first for an omnichannel retailer in KSA
- Deleveraging and operating optimization continues

02
Chairman's Introduction

Chairman's Introduction

I am pleased to warmly welcome this year's annual report for the fiscal year 2023 as we reflect upon the progress and milestones achieved at Cenomi Retail. Cenomi Retail continues to be committed to its transformation strategy in the ever-evolving retail industry landscape. In a challenging year, Cenomi Retail continues to focus on improving core operating metrics whilst reducing the debt burden. This is a testament to our company's resilience and enduring values.

Operating Environment
Saudi Arabia continues to present unparalleled opportunities for global brands, of which the birth of a new generation of Saudi consumers presents unique growth opportunities. The government's efforts to diversify the economy through Vision 2023 continue to support growth in strategic sectors such as entertainment and hospitality.

Consumer spending has returned to pre-pandemic levels, and the demand for online retailing continues to grow exponentially, fueled by the need for ultra convenience amongst consumers and increased digital and e-commerce adoption across the Kingdom.

Saudi Arabia's apparel market revenue is projected to reach US$17.41 billion in 2024 and is expected to grow annually by 3.03% (CAGR 2024-2027)*. The largest segment in this market is women's apparel, which is estimated to have a market volume of US$7.90 billion in 2024, reflecting women's increasing economic participation. Cenomi Retail, as you read within this report, is well-positioned to capitalize on the emerging opportunities presented by an evolving customer base.

In April 2023, we welcomed Dr Gunther Helm as Cenomi Retail CEO, who brought a solid retail background and experience to the organization to execute the turnaround strategy. For personal reasons, Dr Helm resigned in February 2024; however, we maintain continuity in the business with the appointment of Salim Fakhouri as Acting CEO of Cenomi Retail. Salim Fakhouri brings a vast experience in Retail to this role, most recently as CEO – Fashion for Cenomi Retail, a position he has held for the last three years. Prior to this, he held a number of senior retail roles in Azadea Fashion group across the MENA region.

Strategic Turnaround
In 2023, Cenomi Retail continued transforming the business by implementing a turnaround strategy, as initially outlined last year. This strategy focuses on building Champion and Tier 1 brands across Fashion and F&B, creating a business model that enhances and differentiates our offering while solidifying our position as Saudi Arabia's pioneering retail brand partner. This year saw a continued emphasis on enhancing operational efficiencies throughout the company, including improved inventory management with new systems and processes designed to optimize inventory.

We remain committed to being the retail brand partner of choice and the number one retailer for consumers in the Kingdom as the business continues to identify and attract new global brands that align with our strategic goals.

*Source: Staista Outlook Saudi Arabia

Operational Highlights
We have delivered across many business areas in 2023 as we work to fix the house to enable future growth. The consistent work around the retail portfolio transformation is yielding positive results. In Saudi Arabia, average revenue per store grew 13.4%, whereas revenue per sqm grew 1.4%. In international markets, average revenue per store soared 24.4%, while revenue per sqm grew 10.9%.

Online sales have also increased by 23.7%, representing 6.1% of Cenomi Retail's revenue in 2023, increasing by 10.3% from domestic and international markets.
I am pleased to report that this demonstrates improved operational performance.

We continue deleveraging to improve profitability and enhancement of operating processes, including optimizing store and HQ staff and implementing new systems and processes designed to optimize inventory to support the company's overall transformation strategy.

Supporting Talent
Cenomi Retial is one of the largest employers in the Kingdom of Saudi Arabia's private sector and is committed to fostering talent. We recognize that our people are the cornerstone of our success. We have an unwavering dedication to engaging with our employees and working with them to transform our corporate culture. We proudly support the Kingdom's social and economic agenda while empowering our staff through shared values, a greater sense of accountability, and a commitment to positive change. This year marks a significant milestone, with the launch of Cenomi Retail Academy, exemplifying our steadfast dedication to Vision 2030. This initiative strengthens our support for the nation's goals and plays a pivotal role in nurturing the next generation of retail experts in the Kingdom, ensuring a sustainable impact on the industry's future.

Committed to Good Governance
At Cenomi Retail, we take corporate governance very seriously. This year, we undertook a strategic review to ensure that we are progressing towards achieving the highest standards that will support our business's future growth. The Audit Committee, Board of Directors, and Executive Management are fully aligned with our vision and committed to delivering results while improving the company's structural sustainability.

With Gratitude
I extend my appreciation to my fellow Board Members for their unwavering commitment, invaluable wisdom, and steadfast support of our management team. I thank Dr Gunther Helm for his support during 2023 and look forward to continuing to work closely with Acting CEO Salim Fakhouri. On behalf of the Board, I express my profound gratitude to our loyal customers for their continuous support of our esteemed brand partners in-store and online. Lastly, thank you to our staff and supportive shareholders for their unwavering dedication to the company.

"We are well-positioned to achieve growth and capitalize on the emerging opportunities presented by an evolving consumer base."

Fawaz Alhokair
Chairman

03 CEO Message

CEO Message

Cenomi Retail is amid a significant turnaround strategy. The business continues as originally outlined last year to strengthen the performance and financial stability of Cenomi Retail. Namely, this includes rationalizing our portfolio to focus on Champion brands and profitable stores in the Fashion and Food & Beverage categories, onboarding new Champion brands in our core markets, exiting or right size our presence in non-strategic markets, deleveraging to improve profitability and continuing enhancements on operating processes. Cenomi Retail's operational cash flow remains strong and has no impact on day-to-day business operations including commitments to brand partners, landlords and financial institutions.

To date, despite the macro issues impacting the overall retail market, this strategy is delivering improved operating metrics, increased efficiencies and a single-minded focus on growth-driving brands.

The Kingdom of Saudi Arabia holds immense growth potential, driven by a dynamic and youthful consumer base known for its discerning preferences that are constantly evolving. This presents an opportunity that is crucial for Cenomi Retail to capitalize. Our subsequent commitment to focus resources on the growth opportunities in the domestic market and the wider MENA region aligns with our strong belief in the strategic imperative of focusing on Champion and Tier 1 Brands across Fashion & F&B.

Operating Environment

The challenges facing the retail market, both domestically and internationally, cannot be underestimated. 2023 presented a challenging Saudi market, in addition to the summer seasonality compounded by holidays falling in the second quarter of the year, and as reported by SAMA, contributed to a 7.4% drop in retail spend across the Kingdom on fashion categories in Q3 2023. In Q4, we faced further geopolitical impact on the retail sector, resulting in less sales revenues than expected. These market dynamics and the steepest interest rates in a generation offset our operational and financial improvements. This has highlighted the weakness in our current capital structure and validated our commitment to reducing our levels of debt. The demanding environment has sharpened our focus, and the company has made good on previous commitments and achieved key milestones in its transformation strategy throughout 2023.

Turnaround Initiatives

Our company store rationalization programme has continued to deliver solid progress. Over the 12 months, we closed 303 retail stores and F&B outlets, leading to a 5.3% YoY drop in revenue. This marks the tail end of the significant reset of our store footprint and is a testament to the benefits of the targeted store rationalization programme.

As part of our strategy to refocus our brand portfolio, a sale and purchase agreement (SPA) was signed with Abdullah Al Othaim Fashion Company to divest 16 non-core brands to be finalized in Q1 2024, resulting in 226 stores in Saudi Arabia transferring to the company. Subsequent Board approval was given for the sale of the additional five brands: Aldo, Aldo Accessories, Pedro, La Vie en Rose and Charles & Keith, and a variation agreement was signed with Abdullah Al Othaim Fashion Company. The impact, which will be reported during the 2024 final year, will result in 121 stores transferring for an agreed consideration of SAR 219 million plus inventory.

We have also successfully exited non-strategic geographies through the closure of eight stores in the Balkans and by exiting Morrocco, and we continue to actively complete the exit of our US operations. Efforts to right-size the Egyptian market continued with the closure of 31 out of 68 stores in 2023. The International market exiting and right sizing resulted in a net closure of an additional 219 stores in 2023.

The company continues accelerating its deleveraging efforts to improve operating fundamentals that translate into enhanced profitability. To this point, we received the final settlements of the outstanding SAR 272 million from our related parties at the close of 2023, supporting these ongoing deleveraging efforts.

In addition, Cenomi Retail has made operational enhancements a significant focus in 2023, amongst them staff costs of SAR 77 million and rent of SAR 40.5 million. We have also actively focused on operational improvements, including stabilizing our inventory management, which continues to shrink as part of optimization efforts to enhance liquidity and efficiency. Inventory at EY23 has decreased YoY from 17.2 to 13.4 weeks.

I am pleased to report that Cenomi Retail's online channels saw a 24% growth in FY23, with online representing 6.1% of Cenomi Retail's revenue in 2023, increasing by 10.3% from Domestic and International markets as part of our focus on extending our physical channels as part of the Cenomi omnichannel ecosystem.

Champion Brands

Our Champion Brand strategy continues to deliver and has outperformed the overall Fashion category. In 2023, Zara revenues grew 5.5% YoY (3.4% on a LFL basis), and revenues from other Inditex brands grew 1.9% YoY (-0.3 % on a LFL basis) despite the macro issues challenging the entire retail sector. In International markets in 2023, Zara and other Inditex brands performed strongly, on a like-for-like basis, Zara sales grew 14.7% while other Inditex brands declined 6%. We have expanded the Inditex footprint in CIS by opening new stores in Georgia in Q4, and new stores will open in Uzbekistan in the first half of 2024.

The F&B sector continues to evolve, building on the success of its Brand Champions, Subway and Cinnabon, with digital sales being a key driver of growth. A strong performance was seen across market leader Subway where revenues grew 20-fold thanks to improving revenues per outlet and store expansion.

Cinnabon online sales represent 39% of total sales of Cinnabon, up from 8.4% in 2022, following a strategic approach to expanding its delivery footprint across key locations. We were also incredibly proud to have opened the first Drive-Thru Cinnabon store at Narjran City in KSA, becoming the largest Cinnabon store worldwide and breaking the global Cinnabon daily sales record.

Looking forward, we will continue to maximize our Brand Champions, focusing on what really matters to our customers whilst securing more relevant Brand Champions that impact our customers in line with the portfolio strategy.

Salim Fakhouri
Acting CEO

New Partnerships & Brands
Aligned with this, we expanded our offering, opening the first FNAC store, the leading name in the world of multi-category cultural and electronic products, in Q3 at Nakheel Mall, Dammam. We are honored to bring this offering to our customers for the first time, and it reinforces our commitment to transforming the retail experience in KSA with leading global brands creating immersive experiences.

In line with our efforts to introduce innovative payment solutions and maximize the overall share of wallet, we secured a strategic partnership with Tabby, MENA's leading Buy-Now-Pay-Later (BNPL) shopping and financial services app, in the third quarter of 2023. The partnership is the first-of-its-kind collaboration between a BNPL player and an omnichannel retailer in Saudi Arabia, where customers can use 'buy now pay later' tools. To support customer experiences, we also launched the Cenomi Rewards loyalty program for customers to earn points with every purchase at participating stores in Q1 2023.

Corporate Governance
A robust corporate governance framework is critical for a leading organization like ours. As such, working closely with the Audit Committee and the Board of Directors, we embarked on an overhaul of our policies, systems and processes to help address all previously identified areas for improvement to address all governance and internal audit concerns within the company.

We completed work with a Big Four partner and remain committed to implementing international best practices to provide reasonable assurance and transparency for all stakeholders. These include defining clear roles and responsibilities across more than ten functions within core operations and Head Office, designing more than 100 business processes to harmonize ways of working between business units and countries, defining areas requiring the buildup of critical controls in line with best practices for Corporate Governance, and developing more than 40 policies within a Corporate Governance Framework.

Our People
Our commitment to the growth of our business and people remains at the forefront of our strategy as we transform towards a new culture. This is why we have made strategic senior hires into our IT and supply chain functions, as we recognize that by investing in strengthening our team and our assets, we will also increase the overall experience in our stores and online to satisfy our customers and set solid foundations for future growth opportunities.

This year, we announced the Cenomi Retail Academy, established under the directives of the company's Board of Directors, to work in tandem with Vision 2030 in enhancing the capabilities of young people and activating their role to be the new generation of retail experts in the Kingdom. The retail sector's rapid change and speed of development, along with its unique opportunities, underscore the crucial role of the importance of Cenomi Academy in promoting the sector's growth by providing the necessary and specialized training and professional development opportunities that serve the local market.

In closing, whilst 2023 remained a challenging year, we remain enthusiastic about Cenomi Retail's future and confident that we can continue to deliver on our turnaround strategy; we will return to consistently achieving enhanced profitability. I extend my appreciation for the support the Board of Directors and the team that propels us forward as we continue to navigate this transformational journey together.

Salim Fakhouri
Acting CEO

04 Corporate Profile

Company Overview

Cenomi Retail is the largest franchise retailer in the Kingdom of Saudi Arabia and the only listed business of its type in the Middle East. Founded by renowned businessman and property developer Fawaz A. AlHokair in partnership with his brothers Salman and Abudlmajeed, Cenomi Retail has grown considerably since opening its first stores in 1991. Cenomi Retail now trades in over 900 stores across 326 shopping malls in 9 countries, with a retail platform operating on a total GLA of more than 326,000 sqm. Cenomi Retail currently represents 67 brands, spanning womenswear, menswear, kids and baby, department stores, shoes and accessories and cosmetics and operating a series of restaurants and coffee shops.

Cenomi Retail is Saudi Arabia's pioneering brand partner, serving as a premium franchise retailer for brands from across the globe. Cenomi Retail has an international presence across MENA and CIS regions and a firm footing in womenswear, menswear, children's and baby goods, shoes and accessories, cosmetics, F&B, sports, and entertainment. All of this is managed by a workforce numbering more than 7000.

7000+
Cenomi workforce

Revenue by division
SAR million

KSA - Fashion

2021	4,265
2022	3,997
2023	3,725

International - Fashion

2021	931
2022	1,047
2023	1,128

F&B KSA

2021	464
2022	481
2023	379

Revenue by channel
SAR million

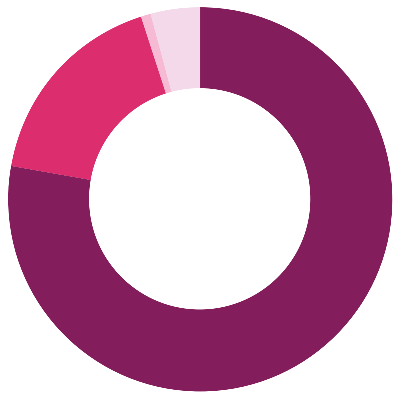
Stores

2021	5,451
2022	5,267
2023	4,913

Online

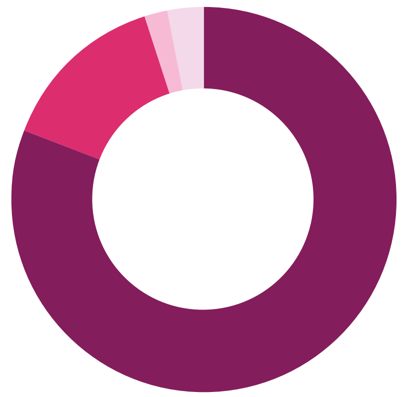
2021	209
2022	258
2023	319

Revenue by geography
(%)



Full-year report, ending 31 Dec 2023

78% KSA
17% CIS
1% Egypt
4% Others



Full-year report, ending 31 Dec 2022

81% KSA
14% CIS
2% Egypt
3% Others

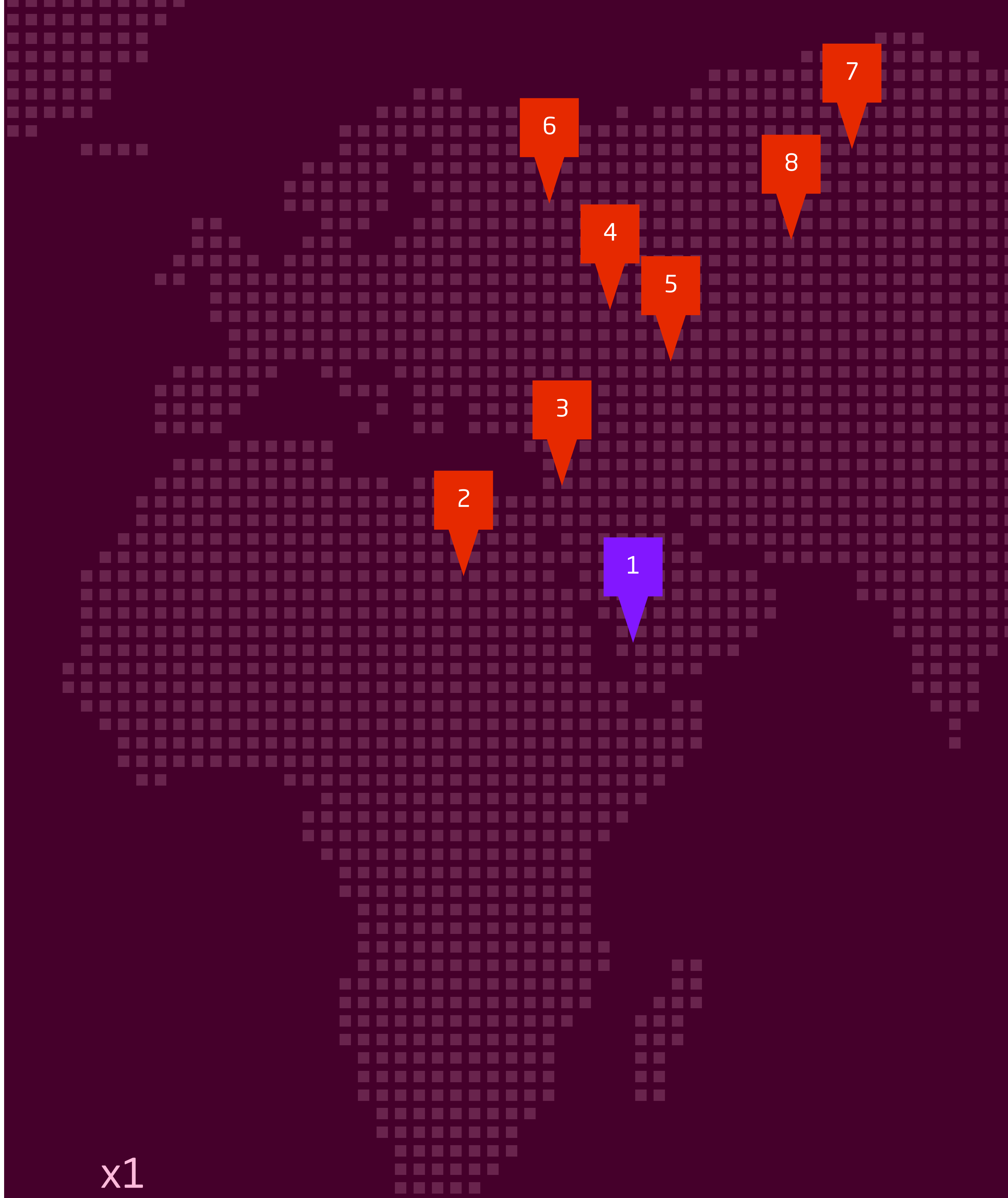
Where We **Operate**

Cenomi Retail is the leading retail franchisor in Saudi Arabia. It is the favored choice for brands looking to penetrate the unparalleled growth opportunities of the Kingdom's rapidly expanding consumer space. Cenomi Retail's strategic retail franchise model extends across MENA and CIS regions.

Cenomi Retail Footprint

Core Market
1. KSA

International Footprint
2. Egypt
3. Jordan
4. Armenia
5. Azerbaijan
6. Georgia
7. Kazakhstan
8. Uzbekistan



x1
Core Market

x7
International Outlets

Our
Portfolio

cenomi

- 1345 Stores
- 9 Countries
- 67 Brands
- 30 Brands Available Online (Inc. F&B)

ALDO · ALDO Accessories · CHARLES & KEITH · IPEKYOL · LC WAIKIKI · MACHKA · MANGO · MARKS & SPENCER · NEW YORKER · PARFOIS · Pedro · Sprint · Sunglass Hut · TWIST · U.S. POLO ASSN. · 2GO · adL · BIJOU BRIGITTE · bizou · Clarks · GAP · GERRY WEBER · IKKS · la Vie en Rose · La Senza · LIPSY · Marie France · MONSOON · NINE WEST · OKAÏDI OBAÏBI · OLD NAVY · OXXO · PANÇO · QUIZ · THE CHILDREN'S PLACE · ZIDDY

INDITEX AND ZARA

Massimo Dutti · lefties · ZARA · ZARA HOME · OYSHO · PULL&BEAR · Stradivarius · Bershka

LIFESTYLE

flying tiger copenhagen

BEAUTY

flormar · ESTĒE LAUDER · KIKO MILANO

SPORTS

DECATHLON

MULTIMEDIA

aleph · fnac darty

FOOD & BEVERAGE

CABANA · CINNABON · crepeaffaire · Molten · SUBWAY

Our Vision & **Our Values**

Our Vision

To become the largest and most admired integrated omnichannel lifestyle retailer in MENA, and partner of choice for local and international brands.

We aim to achieve this by offering a wide selection of quality products, delivering excellent customer service, and building long-term relationships with business partners. To this end, our strategic themes include:

- Leverage the 'Saudi-First Strategy' and wider MENA region opportunities
- Defend & maintain fashion market leadership and replicate in F&B
- Lead with Brand Champions and Tier 1 Brands to support growth
- Continue optimization of markets, brands and store footprint
- Rise to meet the online opportunities

Our Values

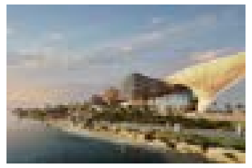
Delight Customers
We always focus on our customers' needs and wants

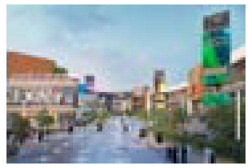
Commit To Deliver
Show personal commitment to delivering results

Execute With Excellence
How we work is as important as what we deliver

Win Together
We work together for speed and execute for success

Embrace Change
Have courage to think about and shape a better future

Business **Model**

The Cenomi omnichannel ecosystem blends engaging physical experiences and curated brands with the convenience of online channels to deliver a competitive advantage.

Capabilities And Market Position

67

Strong brand portfolio

67 brands, including homegrown and leading global brands

62%

One of the largest Saudi employers

7000+ employees with a Saudization rate of 62%

Partner of choice

- Longstanding relationships with major partners in fashion and food
- Preferred partner for new brands that want to access new markets for growth

Diversified offering

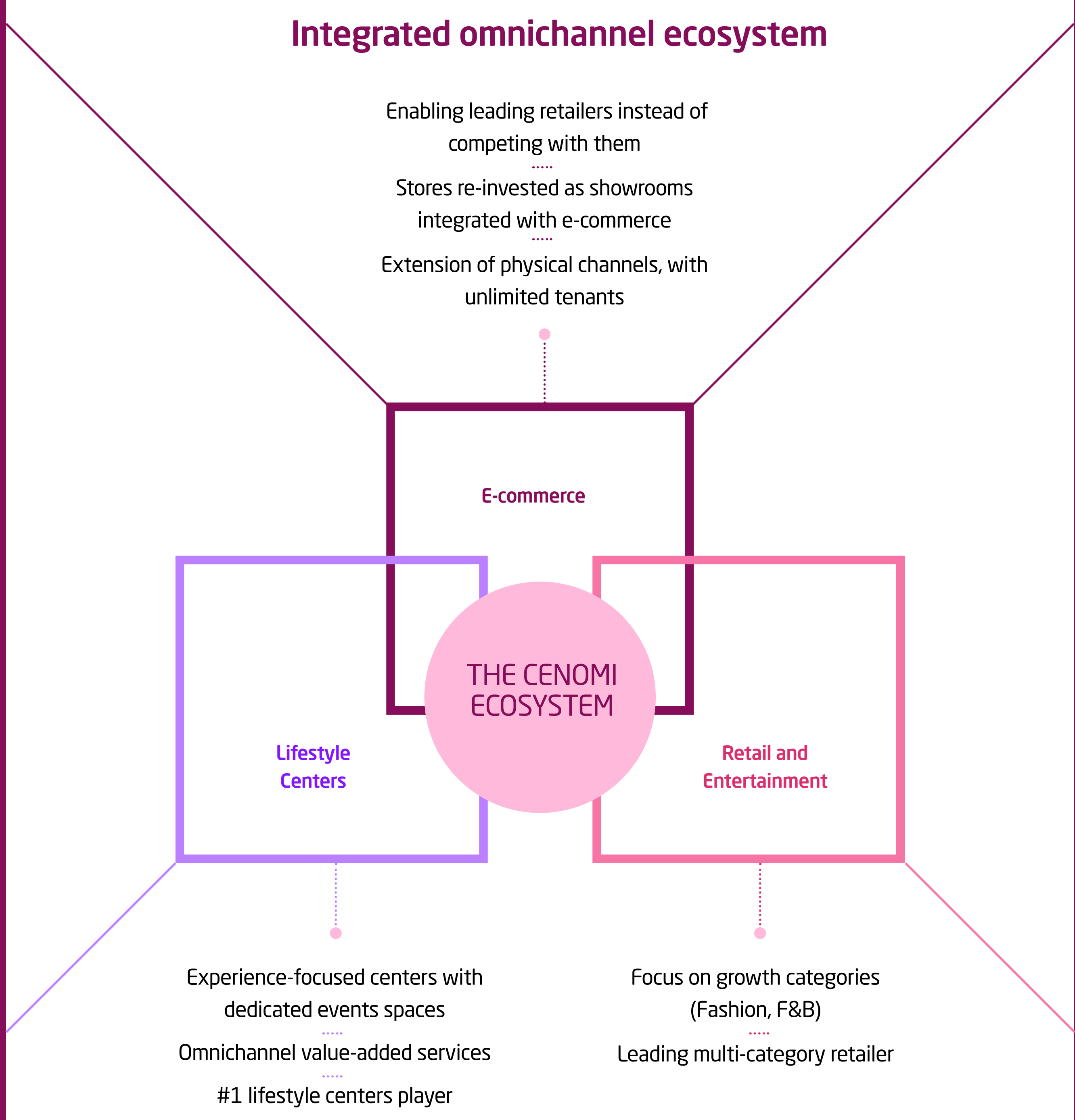
- Across categories from affordable fashion to high street, F&B and lifestyle

International footprint

- Operations in the KSA benefiting from buoyant economic backdrop
- Operation in 10 international countries with high growth potential

Omnichannel capabilities

- Broad store and food outlet network
- Growing presence in the e-commerce space through 25 mono-brand websites, Vogacloset, and on major regional marketplaces



Value
Creation

Cenomi Retail strives to bring our customers leading brands in fashion, food, and lifestyle to provide a best-in-market lifestyle experience, in person and online.

Our Business

Retail

Cenomi Retail currently represent 67 brands, over 1,000 stores, ranging from womenswear, menswear, kids and baby, department stores, shoes and accessories, cosmetics, electronics and variety.

F&B

Cenomi Retail operates 254 quick-service restaurants (QSRs), restaurants and coffee shops with a series of sub-franchises.

In addition to physical retail outlets, our fashion, beauty, lifestyle and electronic offerings are supported by e-commerce, creating an enticing omnichannel experience.

Stakeholders

Our customers

They are the center of our business, and we aim to continuously improve the way we do business to provide them with world-class shopping experiences.

Our people

They are the backbone of our business, and we work to provide them with a diverse, inclusive, equitable, and healthy working environment.

Our brand partners

The franchise business is all about relationships with brand partners. We value our longstanding relationships with our brand partners and we work on cementing the same strong relationships with our new partners.

Our shareholders

We value our shareholders, who continue to believe in our story. We are committed to transparency and full disclosure and to creating long-term growth and value for them.

Our **Strategy**

Our strategic approach recognizes that the Cenomi Retail of the future requires us to cater to new consumer trends and the unparalleled opportunity the new Saudi consumer presents for growth prospects. We are committed to our home market and continue striving to become a leading player in CIS whilst meeting the evolving needs of our customers across experiences, brands and channels. Our continued efforts towards optimizing markets, brand and store footprint is laying solid foundations and tangible progress in our store optimization is evident in our network evolution positions for future growth, delivering long-term shareholder value.

In 2023, our business strategy was focused on four key pillars underpinning long-term return to profitability and growth:

01

Geography - 'Saudi First Strategy'

- Exit - non-strategic markets of the US and the Balkans
- Double down on the Saudi market and wider MENA region

In 2023, we continued our market rationalization programme, successfully exiting the Balkans through the closure of 8 stores and exiting Morocco.

We have progressed our efforts to right-size store footprint in Egypt by closing 31 out of 68 stores in FY23.

02

Category - Evolve to retaining only Champion Brands

- Defend and maintain Fashion market leadership
- Replicate Fashion leadership in F&B

Our store rationalization programme resulted in the closure of 303 stores in the past 12 months. The close of 266 retail stores and 37 F&B outlets brings us to the tail end of a major reset in our store footprint.

We welcomed FNAC to our portfolio of brands as part of our strategy to evolve into a multi-category lifestyle retailer.

Our F&B focus continues to extend its organic growth while bringing on new brands that fit within this strategic focus.

03

Champion Brands

Lead with winning brands

- Rationalize portfolio by exiting non-strategic brands
- Scale top existing brands to their full potential
- Spearhead growth with Brand Champions (BC) and Tier 1 (T1)

In 2023, we worked on finalizing the divestment of 16 brands signed with Abdullah Al Othaim Fashion Company as part of our brand rationalization programme, allowing us to boost resource to grow our Champion Brands.

In F&B, we accelerated the growth of our existing Champion Brands, namely Subway and Cinnabon, with the aim of reaching their full potential within the next five years.

A Strategic **Realignment**

Navigating towards enhanced potential and profitability

To achieve our ambition, we have proactively recalibrated our strategy in response to the multifaceted macroeconomic factors (e.g. COVID-19, VAT implementation, regulatory changes, inflation, and evolving Saudi consumer preferences) that have impacted the Saudi retail landscape over the past five years.

This strategic realignment involves a focused and effective three-phased approach: "Fix the House" phase dedicated to enhancing profitability and establishing a sustainable foundation for growth, followed by an "Embark on Sustainable Growth" phase focused on investing in scaling existing brands and newly acquired brands across markets while identifying white space opportunities and securing new franchise in key markets. The third phase is "Achieving Optimal Potential" through scaling existing brands to maximum potential, ensuring comprehensive coverage of key cities in target markets, and investing in scaling new brands.

Phase 01

Fix the House (2023 - 2024)

- Rationalize and refocus brand and store portfolio
- Exit/stabilize non-strategic markets
- Activate operational improvements to revamp processes and systems to ensure efficiency
- Strengthen balance sheets and deleverage company to secure cash for growth

Focus:
Turnaround ++ Growth ++

Phase 02

Embark on Sustainable Growth (2024 - 2026)

- Achieve the maximum potential of Brand Champions in KSA and International markets
- Secure new KSA Brand Champions in line with our portfolio strategy
- Invest in scaling existing brands across markets
- Identify white space opportunities and secure new franchises in key markets

Focus:
Turnaround ++ Growth ++

Phase 03

Achieving Optimal Potential (2026+)

- Scaling existing brands to maximize potential, ensuring comprehensive coverage of key cities in target markets
- Invest in scaling new brands

Focus:
Turnaround ++ Growth +++

Phase 1
Fix The House

Turnaround Initiatives

Continued efforts towards optimizing market, brand and store footprint

1. Refocus Brand Portfolio

In 2022, our brand portfolio comprised 67 Fashion and F&B brands (one of the largest in the region), including Brand Champions, Tier 1 brands, and low-yield Tier 2 and Tier 3 brands.

In an effort to have a more focused portfolio, we worked to exit 16 loss making/low EBITDA brands. The impact of this portfolio rationalization is expected to be EBITDA accretive and significantly conducive to unlocking working capital cash flows.

Result Achieved: *In process of unlocking of working capital cash flows to allow the turnaround and optimization of top-tier brands' performance.*

2. Activate Operational Improvements

Store Rationalization

In 2023, we closed 303 loss-making stores.
We have actively worked to stabilize underperforming international markets, including exiting US operations. We successfully exited the Balkans through the closure of 8 stores and exiting Morocco. We exited five brands in Egypt (Monsoon, Gap, Old Navy, Quiz, Spring) and closed 31 stores of retained brands with the aim of maintaining core business in Egypt until the currency situation is solved and imports are back to normal.

Rightsized HQ and Stores Headcount

We reduced store headcount by adapting staffing to store demand and introducing part-timers in big-format stores. We reduced Head Office staff cost following the rationalization of the brand portfolio.

IT Systems Upgrade

We executed IT systems upgrades to improve and instill data-driven decision-making.

Result Achieved: *In Saudi Arabia, average revenue per store grew 13.4% whereas revenue per sqm grew 1.4%. In international markets, average revenue per store soared 24.2% while revenue per sqm grew 10.9%.*

3. Strengthen Balance Sheets

To limit the impact of increasing interest cost and reach more sustainable debt levels, we have divested non-core assets/investments and utilized proceeds to pay down bank debt.

A full review of balance sheet completed. Due to the scale of the changes to Cenomi Retail's footprint, the Board of Directs instigated a wide-ranging balance sheet review that led to SAR 772 million of non-cash charges.

Result Achieved: *Conducting a full review of the balance sheet supported the goal of achieving the strategy of fixing the house.*

60+
Fashion + F&B brands

4. Resolving Corporate Governance Concerns

Roll out of a fully-fledged program to deliver best-in-class governance and controls

We have been diligently working to address all governance and internal audit concerns within the company. We appointed top-tier 3rd party advisors to close remaining key governance and control gaps within a full operating model and remain committed to implementing international best practices to provide reasonable assurance and transparency for all stakeholders. In 2023, this included defining clear roles and responsibilities across more than ten functions within core operations and Head Office, designing over 100 plus business processes to harmonize ways of working between business units and countries, defining areas requiring buildup of critical controls in line with best practices for Corporate Governance and development of more than 40 policies within a Corporate Governance Framework.

Growth Initiatives

1. Expand Inditex Footprint in CIS Countries

- New cities (Georgia): New Zara and Inditex stores in Batumi

2. Maximize Potential of Existing Brand Champions Footprint

Launch of FNAC's first store in KSA

We opened the first FNAC flagship store in Saudi Arabia at Nakheel Mall Dammam in August 2023, marking the French retailer's first entry into KSA. FNAC is a leading French electronics and cultural retailer founded in 1954. It now operates close to 1,000 stores around the world.

The premium retail destination offers a multi-brand concept and cultural destination for customers interested in electronics, gaming, multimedia and lifestyle products.

FNAC Damman offers an elevated experience-driven retail environment across two floors and 1,614 sqm with exclusive offers and a unique product range developed in partnership with International and market-leading brands, including Apple, Samsung, Bang & Olufsen, Playstation, Nespresso, Dyson, Bose, Lego and many more. Complimented by its ticketing services, FNAC offers access to entertainment, sports, tourism, ecotourism, and cultural events across Saudi Arabia.

Stores Renovation

As part of our continuous efforts to maximize the potential of existing stores while providing a greater customer experience, we have renovated and/or expanded a number of top-performing stores and malls, including:

- Zara Madinah store renovation and expansion
- LCW Nakheel Mall renovation and expansion

Revamping Subway's existing footprint and product offering

- The Subway franchise, which started in 2022, ended the year with 16 outlets (owned and sub-franchisees) following SW's new store concept, offering a smoother and more efficient customer journey by facilitating the ordering process and introducing more digitalization in stores.

Result Achieved: *Further investment in brand champion.*

21

Stores renovated in KSA and Internationally for Fashion and F&B

Growth Initiatives

3. Upgrade Customer Experience
Retention: Roll-out of Cenomi Rewards

Launched in Q1 2023, the Cenomi Rewards loyalty program offers members the ability to earn points with every purchase made at Cenomi shopping centers and participating Cenomi retail brands, which can then be redeemed for a range of special offers, promotions and rewards across participating Cenomi brands.

Members can earn points (1 to 2% of purchase price) at participating stores, and these can then be redeemed for discounts, exclusive offers and special treats on special days.

Result Achieved: *Achieved 700k sign-ups in 2023 ahead of anticipated annual target with 9% monthly active users.*

Affordability: Partnership with Tabby
In line with our efforts to introduce innovative payment solutions and maximize overall share of wallet, we secured a strategic partnership with Tabby, the largest and leading Buy-Now-Pay-Later (BNPL) shopping and financial services app in the region, in the third quarter of 2023.

Tabby has over 4.6 million active users in KSA and is ranked as one of the top five shopping apps in the KSA Apple App Store. The partnership is the first-of-its-kind collaboration between a BNPL player and an omnichannel retailer in Saudi Arabia.

We are excited about this partnership and its role in helping us to enhance and accelerate our digital transformation for our customers. Offering BNPL promises significant benefits to our business, including:

- Expands our Customer Base: Capture a larger customer base by offering enhanced affordability options (interest-free)
- Increases Loyalty & Conversion: Flexible payments and BNPL marketing engines drive high purchase intent and repeat users
- Enables Higher Spend: Customers opt for higher-priced items and upsells that augment basket size (~30% for fashion; ~10-15% for electronics), which drives incremental revenues
- Reduces Cash on Delivery & Returns: BNPL cannibalizes Cash on Delivery as a payment method (which otherwise has a high rate of returns), thus reducing operating cost

Tabby can currently be used online with ten brands and is available at all 17 Aleph stores and FNAC. Opting for BNPL payment allows customers to pay for their purchase over 3 to 4 months with no interest.

New Channels: Roll-out of Cenomi Gift Cards
In line with our commitment to providing customers with an exceptional shopping experience, we introduced new Cenomi gift cards in Q4 2023, making gifting simpler than ever. These gift cards are accepted at 35+ Cenomi Retail brands throughout KSA.

This initiative is expected to boost incremental spending and footfall in our stores by expanding our customer base and increasing the share of wallet among existing customers.

Result Achieved: *Providing better incentive for our customers to enjoy shopping through enhance customer experience.*

35+
Gift card store roll-out

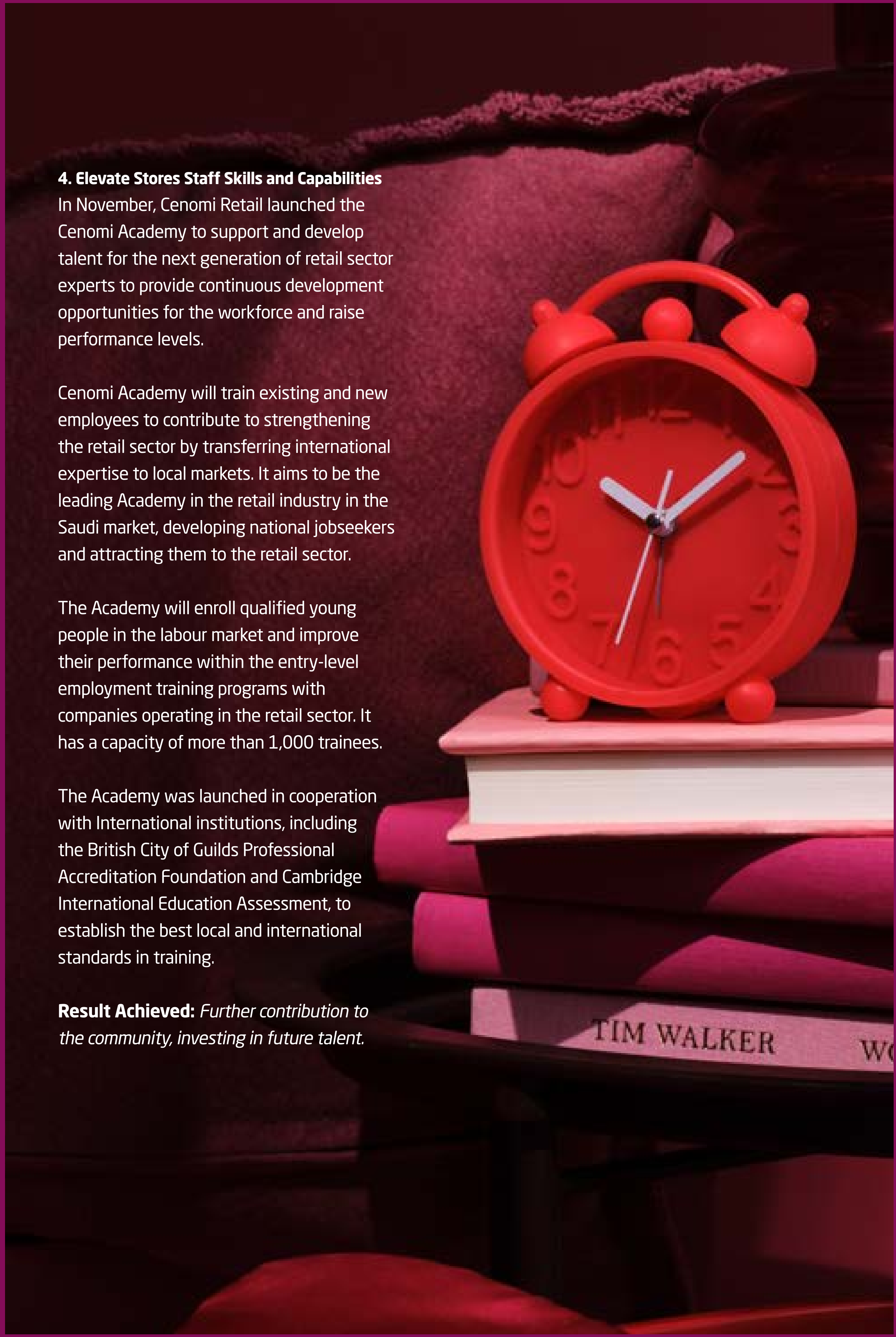
4. Elevate Stores Staff Skills and Capabilities
In November, Cenomi Retail launched the Cenomi Academy to support and develop talent for the next generation of retail sector experts to provide continuous development opportunities for the workforce and raise performance levels.

Cenomi Academy will train existing and new employees to contribute to strengthening the retail sector by transferring international expertise to local markets. It aims to be the leading Academy in the retail industry in the Saudi market, developing national jobseekers and attracting them to the retail sector.

The Academy will enroll qualified young people in the labour market and improve their performance within the entry-level employment training programs with companies operating in the retail sector. It has a capacity of more than 1,000 trainees.

The Academy was launched in cooperation with International institutions, including the British City of Guilds Professional Accreditation Foundation and Cambridge International Education Assessment, to establish the best local and international standards in training.

Result Achieved: *Further contribution to the community, investing in future talent.*



05

Management Discussion & Analysis

CFO Review

I am pleased to present the financial review for Cenomi Retail ending 31 December 2023 "FY23", a year marked by optimization, rationalization and progress towards our turnaround strategy.

Despite the retail market continuing to experience numerous challenges throughout 2023, including inflator pressures with the highest interest rates in a generation and significant seasonality trends, our company has demonstrated resilience against these headwinds.

Our strategic initiatives in optimizing our market, brand and store footprint, coupled with operational enhancements including inventory optimization and focus on deleveraging the business, have contributed to significant cost savings.

Cenomi Retail's brand rationalization programme continued throughout FY23 with the progression of our divestment of 16 non-strategic brands. This rationalization programme supports the evolution of the brand portfolio and strategic focus on our Champion Brands, which continue to perform while bringing the most coveted winning brands to the Kingdom to meet the customer's needs and support retail growth across the country.

Operationally, we have taken significant steps to stabilize our inventory management and continues to shrink as part of optimization efforts to enhance liquidity and efficiency to provide solid foundations for future turnaround and sustainable growth.

Despite this, revenues were temporarily impacted by portfolio transformation. Group revenues of SAR 5,232 million (-5.3%) were impacted by the closure of retail and F&B outlets. International retail revenues improved from SAR 1,047 million to SAR 1,128 million, growing 7.7% on strong demand for Inditex brands. Retail revenues in Saudi Arabia contracted by 6.8% to SAR 3,994 million due to the net closure of 188 stores. Franchise exits and store closures led to a 21.2% decrease in F&B revenues to SAR 379 million.

Our online sales continued on a positive trajectory, growing 23.7% YoY to SAR 319 million. Our online channels continue to show increasing adoption rates, reflected in the significant increase in overall sales revenue delivered by our online offerings.

The company generated an EBITDA loss of SAR 105 million against a 2022 pro-forma EBITDA of SAR 553 million. During the year, Cenomi Retail incurred SAR 259 million of impairments and restructuring charges: a SAR 134 million impairment charge on inventory, a SAR 92 million charge related to the exit from international markets, and a SAR 33 million impairment charge on receivables. In addition, General & Administrative expenses increased 66.2% to SAR 394 million on one-off provisions related to the portfolio optimization. Excluding these provisions, G&A grew 14 % only.

In 2022, Cenomi Retail turned a pro-forma net profit of SAR 37 million. The higher interest rate environment brought a SAR 100 million increase in finance costs. The portfolio transformation drove SAR 772 million of non-cash charges: SAR 259 million of impairments and restructuring charges; a SAR 370 million Goodwill impairment charge, a fixed asset impairment charge of SAR 109 million, and SAR 33 million loss of the disposal Al-Mubarak Fund (classified as a non-core asset).

During the year, the Company repaid SAR 763 million of debt. In addition, related parties settled SAR 418 million of dues. Net debt at the end of the year decreased 17.0% to SAR 2.3 billion compared to SAR 2.7 billion at the end of 2022. Proceeds from brand disposals will be directed towards debt reduction. Cenomi Retail will continue working towards reducing the accumulated losses by the end of this year. The executive team - with the Board of Directors' unwavering support - is committed to accelerate brand disposals and execute the proposed capital restructuring plan.

Looking forward, we will continue to focus on optimizing our operations to deliver profitability improvements and generate long-term sustainable value for our stakeholders.

Cenomi Retail is well positioned to achieve its turnaround strategy towards a sustainable growth trajectory. We remain committed to providing innovative solutions, leveraging data and technology to drive growth to cater to evolving consumer needs while staying ahead of industry trends.

Ahmed Belbesy
CFO

Revenues
SAR 5,2 BN

Gross Profit
SAR 646.5 MN

Net Profit
SAR -1,113 MN

EBITDA
SAR -105.5 MN

International Revenues
SAR 1.1 BN

Online Sales
SAR 319.1 MN

Revenue Breakdown

	Short Annual Year (nine months) ending 31 Dec 2023 (SARmn)	Short Annual Year (nine months) ending 31 Dec 2022 (SARmn)
Revenue by division		
KSA non-F&B	3725.49	3998.9
International	1127.55	1045.06
F&B	379.18	481.25
Revenue by channel		
Stores	4839.60	5167.45
Online	392.62	357.80
Revenue by geography (%)		
KSA	78%	81%
CIS	17%	14%
Egypt	1%	2%
Others	4%	3%

Financial highlights for the last five years

Balance Sheet KPIs (SAR'000s)	December 2023	December 2022	March 2022	March 2021	March 2020	March 2019
Total current assets	1,666,918	1,947,749	2,131,222	2,213,460	3,055,789	3,554,009
Total non-current assets	4,090,705	5,205,221	5,231,605	6,145,266	6,962,281	3,153,174
Total assets	**5,757,623**	**7,152,969**	**7,362,827**	**8,358,726**	**10,018,070**	**6,707,183**
Total current liabilities	4,678,966	4,693,137	5,066,323	2,654,638	2,351,806	2,112,139
Total non-current liabilities	1,884,964	2,113,891	2,092,337	5,252,515	6,136,570	2,184,167
Total liabilities	6,563,929	6,807,027	7,158,660	7,907,152	8,488,376	4,296,306
Total equity	-806,306	345,942	204,168	451,574	1,529,694	2,410,877
Total liabilities and equity	**5,757,623**	**7,152,969**	**7,362,827**	**8,358,726**	**10,018,070**	**6,707,183**

Income Statement KPIs (SAR'000s)	12 Months ended December 2023	9 Months ended December 2022	12 months ended March 2022	9 Months ended December 2021	12 months ended March 2021	12 months ended March 2020	12 months ended March 2019
Revenue	5,232,231	4,247,672	5,915,095	4,528,369	4,232,513	5,341,789	5,425,803
Gross profit	646,506	695,203	990,796	809,474	-88,301	407,845	1,084,497
Operating profit	-640,067	321,708	283,671	340,330	-687,374	-349,737	318,462
Net profit	-1,112,807	100,435	38,030	82,645	-1,108,627	-681,153	138,050

Comparing activity results with the previous same period

(SAR'000s)	12 Months ended December 2023	12 Months ended December 2022	Change	Percentage of change
Revenue	5,232,231	5,525,341	-293,110	-5%
Cost of revenue	-4,585,725	-4,680,073	94,348	-2%
Gross profit	646,506	845,268	-198,762	-24%
Operating expenses	-1,286,573	-517,313	-769,260	149%
Operating profit	-640,067	327,955	-968,022	-295%
Net profit	-1,112,807	36,865	-1,149,672	-3119%

Investment Case

Cenomi Retail is the leading franchise retailer in Saudi Arabia and the preferred option for brand partners looking to expand into key markets. The Company provides excellent opportunities to enter the Kingdom's thriving Retail and F&B industries, as well as its rapidly developing e-commerce market, along with expanding high-growth strategic markets.

Six Reasons To Invest In Or Partner With Cenomi Retail:

01 Attractive sector dynamics

- Saudi Arabia and other strategic markets offer growth opportunities - favorable demographics, evolving lifestyles, and e-commerce
- Retail and F&B sectors in KSA exhibit strong fundamentals due to a young and expanding population and changing lifestyles
- Expansion of tourism and entertainment industries aligns with Vision 2030
- The F&B sector shows compelling growth dynamics
- Cenomi Retail is positioned to leverage market dynamics through a diverse portfolio of brands

02 Proven track record of success

- We operate successful brands and franchises in high-growth markets
- Diverse brand portfolio targets local and CIS expansion
- Preferred partner of choice for international brands and franchises
- Significant reach, strength, and experience provide a competitive edge
- Targeting to drive Fashion & F&B
- Omnichannel presence provide tailored customer experiences

03 Transformation and sustainable growth

- Leadership in Fashion and F&B
- Focus on new franchises, segments, omnichannel, and customer-centric model
- Evolving brand mix targets most consumer segments with high-margin products
- Digitalization and joint ventures to improve economies of scale and customer experience
- Store optimization plan
- Committed to lean operations, people, expansion, and digitalization to achieve strategic goals

04 Strong financial and operational foundation

- Cenomi Retail has delivered sustainable revenue performance through different economic conditions
- Ongoing optimization of operations and on-going fixing of balance sheet
- Demonstrated agility and innovation
- Comprehensive initiatives for IT, finance, and supply chain optimization - improved liquidity and efficiency
- Established shared service center model to streamline operations
- Well-positioned to pivot towards new and emerging market demands

05 Vision-led management and good governance

- A highly experienced management team
- Committed to improving corporate governance and transparency
- Executive Management has diverse backgrounds, skill sets, and deep retail experience
- Leadership aligned with the Company's vision and committed to delivering results and maximizing shareholder value

06 Resilient corporate culture aligned with Vision 2023

- Cenomi Retail's culture aligns with Saudi Arabia's social and economic objectives
- Prioritize the development of Saudi talent - diverse career opportunities
- Promote diversity and inclusion
- Incentivization program drives performance and supports career advancement
- Culture of dedication and innovation throughout the Company - results in improved accountability and strategic execution

Operational Review

In 2023, we continued focusing on operational enhancements across our operations, including our brand rationalization programme and optimization of our inventory management to drive long-term shareholder value by improving our operations across the board. We also continued to implement a sensitive workforce optimization strategy.

Optimization Of Market, Brand And Store Footprint

During the year, Cenomi Retail opened 47 retail stores (25 in Saudi Arabia, 22 overseas), closed 266 (203 in Saudi Arabia, 63 overseas) to end with a store count of 1,091 (824 in Saudi Arabia, 267 overseas).

We expanded our marketing campaigns, internal sales schemes, and sales training programs to accelerate sales, led by our strategic focus on Champion Brands across both our retail and F&B offerings. Our online shopping has grown extensively as we continue evolving our Cenomi Retail omnichannel ecosystem.

Retail

	Q4'23	Q2'23	Q3'23	Q1'23
stores opened	20	6	13	8
stores closed	18	85	56	107
net closures	2	79	43	99

FY23	
beginning of period	1,310
stores opened	47
stores closed	-266
end of period	1,091

FY23 Exits
The International market exiting, and right sizing resulted in a net closure of 219 stores in 2023.

F&B

	Q4'23	Q2'23	Q3'23	Q1'23
stores opened	17	8	6	10
stores closed	14	5	12	6
net closures	3	3	6	4

FY23 F&B	
beginning of period	250
stores closed	-37
stores opened	41
end of period	254

Retail
2023

Operating Environment

The Saudi Retail Market continues to represent a secular growth opportunity with a youthful demographic with 63% of the population under 30, a growing population and a rising middle class. The country's strong economic performance, due to government spending and the implementation of Vision 2030, supports consumer confidence and benefits the retail sector. A booming consumer outlook in Saudi Arabia with the potential evolution of discretionary spending and strong GDP per capita compared to the world and MENA average, combined with the advancement of the tourism sector, presents a buoyant opportunity for Cenomi Retail to capitalize on.

The shift in consumer buying habits continues to evolve in Saudi Arabia with more demand for F&B, Leisure and Entertainment categories, a desire for more personalized lifestyle experiences, and the expectations of efficient and localized services. Online shopping has seen exponential growth, with more consumers displaying a need for ultra convenience, leading to a significant rise in e-commerce activity.

The revenue in Saudi Arabia's apparel market is projected to reach US$17.41 billion in 2024. This market is expected to grow annually by 3.03% (CAGR 2024-2027), according to a report by Statista. Women's apparel is the largest segment in this market, estimated to have a market volume of US$7.90 billion in 2024.

Moving forward, Cenomi Retail will continue to cater to these evolving consumer trends and maximize the opportunities that this shift brings to present the right mix of brands across in-demand categories to meet the demands of the new Saudi consumer, which presents unique growth opportunities.

Performance Review

In line with the market dynamics, Cenomi Retail's brand rationalization programme has continued to deliver solid progress alongside our focus on Champion Brands and Tier 1 Brands in Fashion and F&B. The confirmed sale of 16 non-core brands within the portfolio to Abdullah Al Othaim Fashion Company formed part of our ongoing transformation program, and the net proceeds from the sale will aid us in delivering the business, reducing debt and ensuring a robust financial position moving forward.

We have also undertaken a significant organizational restructure following the brand rationalization with headcount realigned to our Champion Brands and savings in management costs. Focusing on our Champion Brands and our 'Saudi-First' strategy has provided a future platform for growth.

We have continued to strategically optimize our inventory management during the period, supported by the impact of the brand rationalization, to provide better working capital and cash flow management, and we remain more than ever prudent to maximize sell-through at full price to improve gross margins moving forward. Inventory at EY23 has decreased YoY from 17.2 to 13.4 weeks.

Meanwhile, our international portfolio continued to support the top line, with a 7.7% YoY rise in revenues. Successful expansion of Inditex brands in Batumi, Georgia, contributed to this growth. We continued to invest in our mono-brand websites as part of our e-commerce strategy.

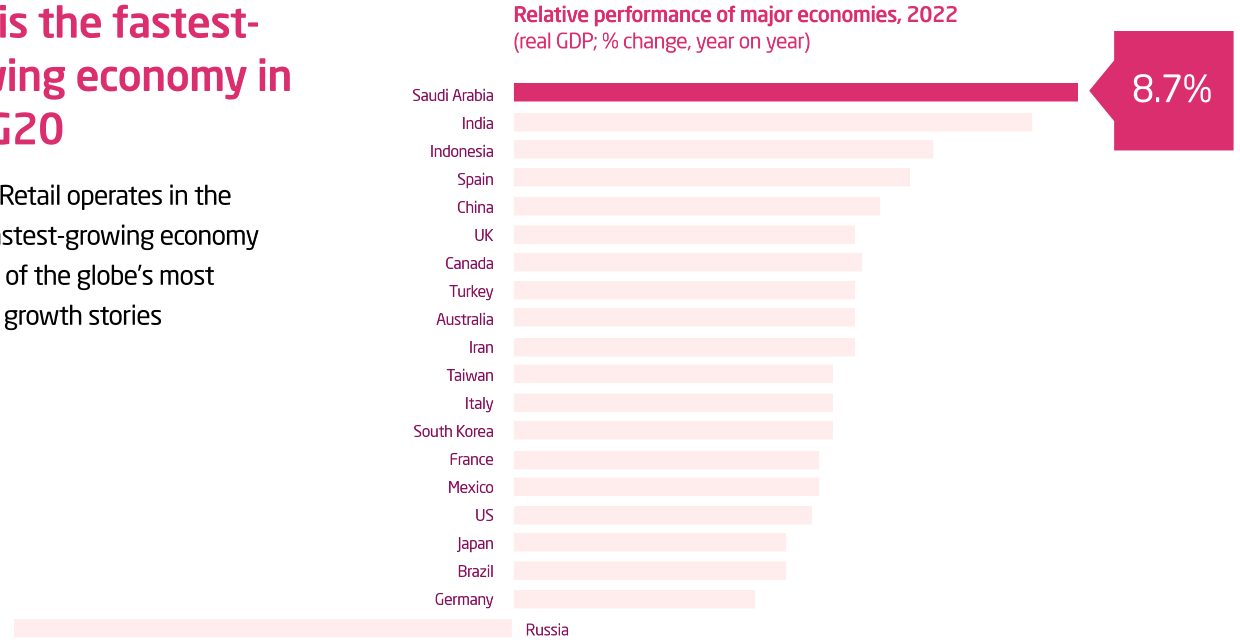
Looking Forward

The retail industry in Saudi Arabia and internationally continues to undergo significant changes, with e-commerce expected to continue its rapid growth as consumers shift towards online shopping. The retail industry continues to be increasingly competitive, with local and international players vying for market share. Cenomi Retail's commitment to our turnaround strategy remains unwavering, and we continue to enhance our portfolio by focusing on highly profitable global Champion brands that do not exist or have penetrated the Middle East market to ensure that the business is well established for future growth. Cenomi Retail will focus on the core category of Fashion, including the Inditex portfolio and other Tier 1 fashion brands.

Cenomi retail continues to deliver performance in any newly acquired brand that the company chooses to invest in, growing new brands in the KSA market has always been the company's privilege and it will continue doing so even during fixing the house phase.

KSA is the fastest-growing economy in the G20

Cenomi Retail operates in the G20's fastest-growing economy and one of the globe's most exciting growth stories



Retail
Case Studies

FNAC: Flagship store opens in KSA

Cenomi Retail successfully opened the first FNAC flagship store in Saudi Arabia at Nakheel Mall Dammam in August 2023 as part of our agreement to expand the brand's footprint in the KSA market. The premium retail destination taps into the growing demand for consumer electronics and lifestyle products in the Kingdom and Cenomi Retail's transformation into a multi-category retailer.

FNAC also provides access to its expanding ticketing business that provides access to entertainment, sports, tourism, ecotourism, and cultural events across Saudi Arabia, aligning with Vision 2023 goals to promote culture and entertainment. FNAC Damman offers an elevated experience-driven retail environment across two floors and 1,614 sqm with market-leading brands, including Apple, Samsung, Bang & Olufsen, Playstation, Nespresso, Dyson, Bose, Lego and many more.

Zara/Inditex: Strong results continue in KSA

Inditex is the world's biggest fast fashion company, operating eight brands, including Zara, which have continued to yield strong results across Saudi Arabia and CIS, outperforming the overall fashion category in the first half of the year. Cenomi Retail has over 40 Zara stores across Saudi Arabia and CIS and opened the first store in Batumi, Georgia, in Q4 2023 with the forward strategy to open in Uzbekistan in 2024 as part of the brand's international growth strategy supported by Cenomi Retail.

Decathlon: Meeting the demand for high-quality sports equipment in KSA

Decathlon is the leading French sports equipment and product company that offers products and services for over 70 sporting disciplines. Cenomi Retail acquired the franchise rights to open stores in Saudi Arabia in December 2020, which marked the first venture into sports/athleisure. The demand for high-quality sports equipment in Saudi Arabia continues to grow with the country's increasing focus on promoting health and active lifestyles. It is projected that the market will experience an annual growth rate of 5.09% (CAGR 2024-2028), according to a report by Statista. Cenomi Retail opened its first Decathlon store in April 2021 and plans to open 30 more stores over the next decade.

Food & Beverage 2023

Operating Environment

Cenomi Retail Food & Beverage (F&B) continued to evolve in 2023, focusing on being the number one Quick Service Restaurant (QSR) leader in Saudi Arabia as the fastest-growing F&B segment throughout the Kingdom. This growth is aligned with a shift in consumer habits for F&B and the growing popularity among the youth due to increased disposable income and the increased adoption of online and mobile ordering, meeting this growing demand for convenience.

Saudi Arabia's Quick Service Restaurants (QSR) market size is estimated to be 8.66 billion USD in 2023. It is expected to reach 14.59 billion USD by 2029, growing at a CAGR of 9.08% during the forecast period (2023-2029), according to the Modor Intelligence Report. Cenomi Retail F&B is in a healthy place to leverage this in-store and online opportunity through our third-party/aggregate partnerships.

Performance Review

Cenomi Retail F&B's strategic focus in 2023 was to continue building on the success of our champion brands, Subway and Cinnabon, in line with Cenomi Retail's brand rationalization and transformation programme. In 2023, Cenomi Retail opened 41 outlets while closing 37, resulting in 254 F&B outlets. While the Company started refurbishment works on 60 Cinnabon outlets (out of 127), revenues from the Cinnabon franchise remained resilient with a 3.2% decrease. The Subway franchise, which started in 2022, ended the year with 16 outlets that are performing significantly ahead of expectations.

A key growth driver for Cenomi Retail F&B has been digital sales through third-party/aggregate delivery. Cinnabon online sales represent 42% of total sales, up from 11% in 2023, following a strategic approach to expanding its delivery footprint across key locations.

Cenomi Retail F&B focused on optimized marketing campaigns to unlock growth for our brands, contributing to increased traffic, total sales, and average unit volume (AUV). New product development initiatives for Cinnabon and Subway brands supported an increase in average check, delivery transactions and control of the cost of goods sold (COGS).

Operational excellence remained a key focus for enhancement across all our stores with extended training programs for store managers. Operational excellence Audit for Subway scored 87% in 2023, the highest in the GGC markets. Cinnabon remained above 90%.

In 2023, Cenomi Retail F&B successfully integrated within the Cenomi Retail ecosystem, reducing operational costs and optimizing staff at the HQ level. Throughout 2023, Cenomi Retail F&B consolidated suppliers to reduce costs, lock prices, and optimize delivery commissions from 22% to 16%. A workforce optimization programme at the store level, in collaboration with the franchise, to ensure optimum efficiency resulted in a drop in staff costs of 4%.

Looking Forward

In 2023, Cenomi Retail F&B will focus on extending the organic growth of our Tier 1 Champion Brands, Cinnabon and Subway.

6
New outlets opened

8.6BN
2023 QSR market size

Food & Beverage
Case Studies

Subway Turnaround: Revamping Subway's existing footprint and product offering

Following the acquire of the Master Franchise in January 2022, Cenomi Retail F&B has successfully turned the Subway Brand in KSA as part of the company's strategy to strengthen its position in the QSR segment by leveraging the existing 210 Subway restaurants operating in KSA.

Cenomi Retail F&B implemented several key initiatives in 2023, including the rollout of a new menu, "Subway Series", as part of menu restructuring and new product innovation across all day-parts, simplifying the order process in-store and on delivery channels.

In April 2023, the Highest Global AUV (Average Unit Volume) sales were awarded to the Subway Makkah station store for the highest weekly Subway store sales of $181,779 (SAR 668,000). Achieving operational excellence is a key target of Cenomi F&B as part of our ongoing transformation of the Subway brand in KSA. Our overall leading best practice average score in 2023 was well maintained at (87%) above the MESASA market average of 70.1% and the highest in the GCC markets.

Cinnabon: The largest Cinnabon store in the world

Cinnabon continues to be the leading brand in Cenomi Retail's F&B portfolio, with its unique, high-quality product offering performing strongly in KSA over the past 20 years. During FY23, we opened 25 new locations (including five sub-franchises), bringing the total number of stores to 120. This included opening the first Drive-Thru Cinnabon store at Narjran City in KSA, becoming the largest Cinnabon store worldwide.

E-Commerce
2023

Operating Environment

Cenomi Retail has continued its impressive e-commerce growth trajectory across Saudi Arabia and International markets fueled by increased adoption and consumer desire for ultra convenience.

Cenomi Retail has scaled its mono-sites model with 25 brands operating in KSA and 8 in international markets, with three new mono-sites launched in KSA and one in international markets in 2023. These launches have helped to expand Cenomi Retail's customer base and tap into new markets to support our goal of expanding our offline footprint and building true omni-channel capabilities. This has seen us transact 63% of all e-commerce orders from stores in 2023, with F&B brands leading this growth.

Cenomi Retail's mono-site model was developed from a franchise agreement that leverages our physical footprint to drive a brand-centric journey that increases consumer demand, delivering top-line growth and a stronger brand presence.

The opportunities that e-commerce presents cannot be underestimated in the domestic market, with the Saudi Arabia E-commerce Market size expected to grow from USD 11.83 billion in 2023 to USD 23.80 billion by 2028, at a CAGR of 15.01% during the forecast period (2023-2028)*. As such, e-commerce remains a key focus for Cenomi Retail moving forward, with Fashion continuing to grow as we work to build added value services to differentiate our business from that of the wider price-led fashion e-commerce marketplace.

*Source: Mordor Intelligence Report.

Performance Review

The financial performance of our e-commerce channels has been strong. We achieved with SAR 374 million in revenue achieved, representing a YoY increase of 14.2%.

Cenomi Retail's digital sessions continued to grow, with 67 million total digital sessions and a clear indication that customers are embracing the user experience and functionality of our e-commerce platforms.

Online sales growth in the domestic market has been supported by our strategic partnership with Tabby, MENA's leading Buy-Now-Pay-Later (BNPL) shopping and financial services app, in the third quarter of 2023. The first-of-its-kind collaboration with a BNPL plater and omnichannel retailer in Saudi Arabia has resulted in 28% penetration for participating brands through their online channels and an increase in basket space of 33% where customers can use 'buy now pay later' tools.

Looking Forward

E-commerce will continue to provide growth and success for Cenomi Retail. We plan to expand our capabilities across tech, assortment, and market categories.

Cenomi Retail remains committed to building an e-commerce business as part of the extension of our offline presence. We are excited by our progress in 2023 in building the technology and operational capabilities that will enable our omni-channel models to grow by placing our customers front and center. We are confident we can build a best-in-class omni-channel experience for Cenomi Retail.

14.2%
YoY increase across e-commerce channels

06

Our People

Our People
Overview

Cenomi Retail's workforce is its greatest asset, comprising talented individuals committed to serving our customers.

As one of the largest employers in Saudi Arabia's retail industry, we employ more than 7,000 people in the Kingdom and have a total headcount of over 10,000 across all our markets. The Saudi government's initiative to increase Saudization in retail and encourage women to join the workforce presents a unique opportunity for Cenomi Retail to help grow the sector, develop the Saudi workforce, and shape its future.

By the end of FY23, Cenomi Retail's Saudization percentage reached 62% as per the Nitaqat system for our operations inside the Kingdom. As a significant employer in Saudi Arabia, we recognize our duty to help our people develop their skills and advance their careers. Therefore, our leadership is dedicated to creating opportunities for our employees to grow and evolve with us.

By prioritizing employee development, we also position ourselves as an employer of choice and improve our ability to attract and retain top talent across our organization.

62%
Saudization

7,000+
7,000+ Employees in KSA

Company Culture and Ethics

At Cenomi Retail, we foster a culture that values performance and growth through various means, such as fair pay policies, incentives, benefits, and profit-sharing opportunities. We strive to create a workplace in which employees feel motivated to work hard and contribute to the success of the Company.

We ensure that our goals and vision are clear and communicated consistently through our performance management system. Employees are encouraged to align their annual goals with the Company's goals, creating a link between their work and the business results.

Our core value of integrity is essential to us, and we uphold it through our daily operations and human capital processes, such as training and performance management. Cenomi Retail's management leads by example and encourages employees to model the Company's values in their behavior and decision-making.

Our leadership team creates an environment that not only develops employees but also encourages them to embody the customer experience they are creating. The customer experience is a crucial component of our values and competency framework, which cascades through all levels of employment in the Company.

Talent management approach and philosophy

At Cenomi Retail, we take an integrated approach to talent management and the ongoing development of our people. The key pillars underpinning this approach are as follows:

Skills Development
We prioritize competency-based learning and development, investing in employee training to address identified competency deficiencies. We translate these deficiencies into learning objectives and various development activities. Our development model focuses on a self-driven, blended learning approach that emphasizes competency-building. This includes on-the-job development experiences (70%), mentoring and self-study (20%), and classroom training and formal educational events (10%). Our education hub is a training academy that translates the Company's strategy into relevant learning initiatives for employees. Over 100 competency-specific programs are overseen by the academy and supported by the Learning Management System.

Recruitment & Talent Retention
One of our biggest challenges is finding talent of sufficient caliber to integrate into the Cenomi Retail culture. We seek employees who bring unique perspectives, diverse backgrounds, customer-centric focus, and alignment with our culture. These characteristics reinforce the behaviors we encourage in our workplace. We offer career development opportunities through a talent management framework and strive to fill vacant positions with talented employees already in our pool.

Engaging With Employees
Cenomi Retail schedules employee events throughout the year to boost morale and engagement, including team-building functions and departmental gatherings. In 2023, we celebrated National Day with our employees at our head office. We also frequently host entertainment events like movie screenings or sports games with prizes for correct score predictions. In addition to monthly pulse surveys with the leadership team, we participate in the Great Place to Work survey. In the 2023 financial year, our overall score was 74%, a significant increase from our previous participation score of 61%. This places Cenomi Retail in 12th position out of all companies in our category that participated in the survey.

Performance Support
We operate a performance management program that utilizes clear and regular communication between appraisers and appraisees. This cycle runs through out the 12 months of the year and includes several steps, such as expectation setting, feedback, coaching, results measurement, and ongoing assessment. We use the annual performance rating process to determine individual performance bonuses, recognizing our employees' contributions to the Company's overall performance.

Succession Planning
Cenomi Retail has implemented a thorough Succession Planning process to identify and develop potential talent and leaders. Candidates with critical skills and competencies are matched with development needs and leadership plans to reduce succession failure risk and increase readiness. This process is integrated into our larger talent management framework to ensure key positions are filled promptly, preventing negative impacts on business continuity or service delivery.

Employees Health & Wellbeing
Employees must ensure a safe and healthy workplace by adhering to Cenomi Retail's practices and reporting incidents, injuries, or unsafe conditions. Our headquarters is equipped with modern amenities and technologies to create a secure working environment. The retreat lounge encourages employees to socialize and break from routine roles, with billiards, table tennis, darts, PlayStations, and LCD TVs provided for entertainment. Our new agile workspace promotes teamwork, camaraderie, and pride in our growing company.

Cenomi Saudization

Hiring Saudi Nationals and the Social Contribution Program

Cenomi Retail considers hiring Saudi nationals a critical priority, and we are committed to fulfilling our obligation. In the 2023 financial year, we maintained our national employment levels at 62% while retaining our platinum Nitaqat status. In the year under review, progress on our commitment to employ and develop Saudi nationals included the following:

Launch of Cenomi Retail Academy

Cenomi Retail has launched the Cenomi Academy to nurture and empower the next generation of retail industry experts. The Academy will provide ongoing development opportunities to elevate workforce capabilities and ensure a high-performance standard. Cenomi Academy will equip current and incoming employees with the skills and knowledge necessary to strengthen the retail sector by transferring International expertise to local markets, with the aspiration of positioning itself as the premier training institution in the Saudi retail market.

Cenomi Retail will actively enroll qualified young individuals into the workforce, enhancing their performance through entry-level training programs offered in collaboration with retail companies for more than 1,000 trainees. The Academy has been launched in cooperation with the British City of Guilds Professional Accreditation Foundation and Cambridge International Education Assessment to establish the best local and international standards in training.

Future Leaders Program

Our aim with the Future Leaders Program is to attract and train the most promising Saudi national graduates from both internal and external universities accredited by the Ministry of Education. This program equips them with the necessary skills to become leaders in the retail industry and motivates them to apply these skills in their careers, ultimately enabling them to become true leaders in their businesses. The goal of the program is not just to create new job opportunities for Saudis, but also to prepare and position these employees to take up administrative roles that are currently held by non-Saudis. To achieve this, we actively engage with newly graduated Saudi students through various initiatives, including open recruitment days and workshops throughout the year in collaboration with the Chambers of Commerce and Industry in regions such as Riyadh, Jeddah, Dammam, Jizan, and Abha. We also offer cooperative training programs in partnership with King Saud University, Princess Nourah Bint Abdulrahman University, and Al-Faisal Academy to attract students to this training, as well as organizing career days for university and college graduates.

Employment Support Program

HADAF, the Human Resources Development Fund of Saudi Arabia, is a program that aims to promote the localization of professions in the private sector. This initiative provides support for both on-site and remote jobs and targets areas with limited employment opportunities, as well as the recruitment of women and individuals with disabilities. As of present, HADAF has assisted 500 employees, and this figure is projected to rise to 800 in the near future.

National Employment Program

Cenomi Retail takes part in the national employment program aimed at offering appropriate job openings for both male and female citizens. During the year under review, we recruited over 144 staff members via the program, achieving our set target for the period.

Skills Development Program (Tamheer)

The Tamheer program offers on-the-job training to Saudi male and female graduates from local and foreign universities accredited by the Ministry of Education who have five or fewer employees.

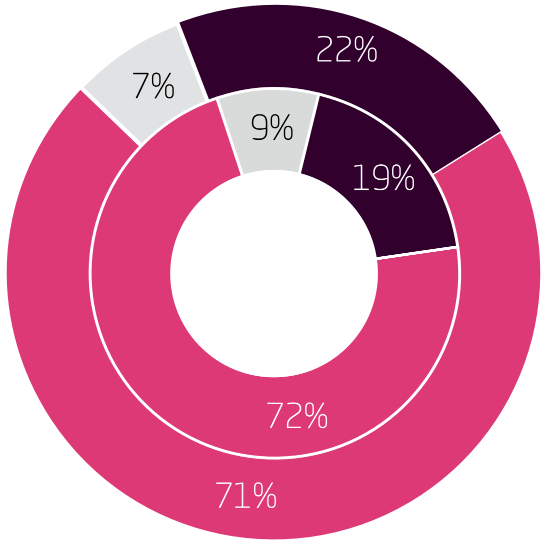
07
Corporate Governance

1. Financial Performance

Note: Cenomi Retail's fiscal year has changed from 31 March to match the Gregorian year, ending on 31 December. The change takes effect from the calendar year 2022, with the company issuing "audited" financial statements and reporting financial results for the short annual year (nine months), which started on 1 April 2022 and ended on 31 December 2022. financial review for Cenomi Retail for the short annual year (nine months) ending 31 December 2022 "FY22".

Despite the ongoing challenges posed by inflationary pressures, supply chain disruptions, and higher interest rates, our company has continued to demonstrate stability and resilience.
At SAR 5, 232 million, revenue for FY23 remained stable YoY (FY22: 5,525 million). The revenue breakdown by division also remained relatively stable YoY.

Revenue by division



FY23 - Outer circle
FY22 - Inner circle

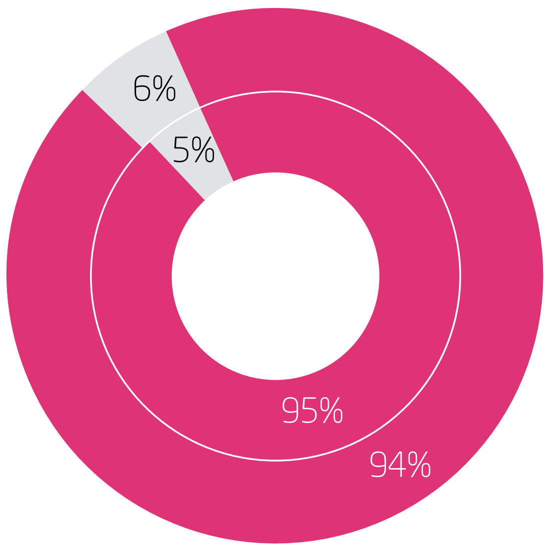
KSA Retail Intl'l Retail F&B

Revenue by Channel

Our international portfolio has continued its growth trajectory, growing 5.8 % YoY to SAR 1,014 million. This was supported primarily by positive results from our operations in the Commonwealth of Independent States (CIS).

Our online channels have shown steadily growing adoption rates, as evidenced by the increased proportion of overall sales revenue delivered by our online offerings.

The cost of revenue decreased by approximately SAR 94 million YoY, resulting in a decline in gross profit from SAR 845.3 million for FY22 to SAR 646.5 million for the period under review. Nevertheless, our net profit for FY22 amounted to SAR 36.8 million, which compares favorably with SAR 1112.8 million in FY23.



FY23 - Outer circle
FY22 - Inner circle

Stores Online

Looking forward, we will continue to focus on optimizing our operations with the aim of delivering improvements in profitability and generating long-term sustainable value for our shareholders.

Cenomi Retail is well positioned to continue its strategic growth trajectory and we remain committed to providing innovative retail solutions, leveraging technology and data to drive growth, and meeting changing and evolving consumer needs, while staying ahead of industry trends.

We thank our valued customers, employees, shareholders and partners for their unwavering support and look forward to continued success in the future.

Revenue SAR 5,232 m	Net profit* SAR -1,112.8 m
Gross profit* SAR 646.5m	Pre-IFRS 16 EBITDA SAR -221.5m

*These figures ending 31 December 2023

Revenue breakdown

	31 December 2023 (SARmn)	31 December 2022 (SARmn)
Revenue by division		
KSA non-F&B	3725.49	3996.6
International	1127.55	1047.3
F&B	379.18	481.25
Revenue by channel		
Stores	4,913.2	5,267.5
Online	319.1	257.8
Revenue by geography (%)		
KSA	78%	81%
CIS	17%	14%
Egypt	1%	2%
Others	4%	3%

1.1 Financial highlights for the last 5 years

Balance Sheet KPIs (SAR'000s)	December 2023	December 2022	March 2022	March 2021	March 2020
Total current assets	1,666,918	1,947,749	2,131,222	1,908,065	3,055,789
Total non-current assets	4,090,705	5,205,221	5,231,605	6,145,267	6,962,281
Total assets	5,757,623	7,152,969	7,362,827	8,053,332	10,018,070
Total current liabilities	4,678,965	4,693,137	5,066,323	2,707,933	2,351,806
Total non-current liabilities	1,884,964	2,113,891	2,092,336	5,252,515	6,136,570
Total liabilities	6,563,929	6,807,027	7,158,659	7,960,448	8,488,376
Total equity	-806,306	345,942	204,168	92,884	1,529,694
Total liabilities and equity	5,757,623	7,152,969	7,362,827	8,053,332	10,018,070

Income Statement KPIs (SAR'000s)	12 Months ended December 2023	12 Months ended December 2022	9 Months ended December 2022	12 months ended March 2022	9 Months ended December 2021	12 months ended March 2021
Revenue	5,232,231	5,525,341	4,247,672	5,915,095	4,528,369	4,232,513
Gross profit	646,506	845,268	695,203	990,796	809,474	-393,695
Operating profit	-640,067	327,955	321,708	283,671	340,330	-1,263,660
Net profit	-1,112,807	36,865	100,435	38,030	82,645	-1,467,318

1.2 Comparing activity results with the previous same period

(SAR'000s)	12 Months ended December 2023	12 Months ended December 2022	Change	Percentage of change
Revenue	5,232,231	5,525,341	-293,110	-5%
Cost of revenue	-4,585,725	-4,680,073	94,348	-2%
Gross profit	646,506	845,268	-198,762	-24%
Operating expenses	-1,286,573	-517,313	-769,260	149%
Operating profit	-640,067	327,955	-968,022	-295%
Net profit	-1,112,807	36,865	-1,149,672	-3119%

2. Accounting Standards

The Company has fully completed the transformation of preparing the consolidated financial statements; whereby the international accounting standards replaced the accounting standards issued by the Saudi Organization for Certified Public Accountants to the international accounting standards.

3. Subsidiaries and their Associates

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2023	31 December 2022
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	Al Hokair Retail Academy	Kingdom of Saudi Arabia	Training center	100	100
9	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
10	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	International Retail of Morocco	Morocco	Retail	100	100
24	Multi Trends Co.	Morocco	Retail	100	100
25	Retail Group of America LLC	United States of America	Entertainment	100	100
26	Billy Beez USA	United States of America	Entertainment	100	100
27	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	100	100
28	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	100	100
29	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	100	100
30	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	100	100
31	RIGE Co.	Arab Republic of Egypt	Retail	99	99
32	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
33	Retail Group Armenia CJSC	Armenia	Retail	96	96
34	Spanish Retail CJSC	Armenia	Retail	100	100
35	ZR Fashion Retail CJSC	Armenia	Retail	100	100
36	Global Apparel CJSC	Armenia	Retail	100	100
37	BR Fashion Retail CJSC	Armenia	Retail	100	100

38	Master Retail CJSC	Armenia	Retail	100	100
39	Best Retail CJSC	Armenia	Retail	100	100
40	Retail Group CJSC	Armenia	Retail	100	100
41	Pro Retail CJSC	Armenia	Retail	100	100
42	Factory Prices CJSC	Armenia	Retail	100	100
43	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
44	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
45	Models Own Holding Limited	United Kingdom	Retail	51	51
46	Models Own Limited	United Kingdom	Retail	51	51
47	Models Own International Ltd.	United Kingdom	Retail	51	51
48	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
49	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
50	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
55	Retail Group Holding LLC	Azerbaijan	Retail	85	85
56	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
57	Fashion Group CA	Uzbekistan	Retail	80	-
58	Fashion Retail Store	Uzbekistan	Retail	80	-
59	Master Retail Store	Uzbekistan	Retail	80	-
60	Retail Boutique	Uzbekistan	Retail	80	-
61	Retail Group Global	Uzbekistan	Retail	80	-
62	Retail Group Store	Uzbekistan	Retail	80	-

(1) Investments in Haifa Badi Al-Qalam and its international trading companies, Al-Waheed Equipment Co., Ltd., and the Saudi Retail Company Ltd., and Wahba Trading Co., Ltd. are 95% owned by the Company directly and 5% are mutually owned.

(2) Haifa Badi Al-Qalam and its global trading partners directly and indirectly own some subsidiaries operating in Georgia, Armenia, the United States of America, Morocco, the United Arab Emirates, the United Kingdom and the Balkans, in addition to other stagnant and inactive subsidiaries in the United Arab Emirates and the British Virgin Islands.

(3) Al Wahidah Equipment Company Limited directly and indirectly owns the subsidiary companies operating in Azerbaijan and the United Arab Emirates (the "INC" sign), in addition to other stagnant and inactive subsidiaries in the United Arab Emirates.

(4) Wahba Trading Company Limited directly and indirectly owns some stagnant subsidiaries that are suspended in the Kingdom of Saudi Arabia and the United Arab Emirates.

(5) The Kazakhstan Group represents three facilities: The Kazakhstan Retail Management Company, the Kazakhstan Fashion Trading Company, and the Kazakhstan International Fashion Company.

(6) Investment in Uzbekistan made in 2023 is 80% directly owned by the Company representing six facilities as listed in above table.

4. Shares and Debt Instruments Issued by Subsidiaries

There are no stocks and debt instruments issued by the subsidiary companies.

5. Dividend Policy

The general policy of paying out the Company's annual net profits after deducting all general expenses and other costs is controlled by the terms and conditions of the articles of association as follows:

(A) (10%) of the net profits shall be carried to the Company's statutory reserve, and the Ordinary General Assembly may resolve to withhold such appropriation when the said reserve reaches (30%) of the paid-up capital.

(B) The Ordinary General Assembly may resolve on the recommendation of the Board of Directors, to keep aside a percentage of the net profits to form a consensual reserve to support the financial position of the Company.

(C) The Ordinary General Assembly may resolve to form any other reserve to the extent that it achieves the Company's interest or ensures the distribution of fixed profits as much as possible to the Shareholders. The aforementioned Assembly may also deduct provisions from the net profits to establish social institutions for the Company's employees or to help the existing ones.

(D) Afterwards, 5% of the paid-up capital of the Company may then be distributed to the Shareholders.

(E) Subject to the provisions stipulated in Article Twenty-One of the Company's Articles of Association and the Seventy-Sixth Article of the Companies' Law, a percentage of no more than (5%) of the remainder shall be allocated as remuneration to the members of the Board of Directors provided that the payment of this remuneration is proportional to the number of sessions every member attend.

(F) The remainder may then be distributed to the Shareholders as an additional dividend. The Board of Directors, after obtaining an annually renewed authorization from the Ordinary General Assembly, may distribute interim dividends to the Company's Shareholders on a semi-annual or quarterly basis, as per the controls of the competent authority.

5.1 Proposal to distribute the net profit for the year ended December 2023

Statement	Saudi Riyal
Balance at 01 April 2022 (restated)	-227,584,785
Add	
Profit/(loss) for the year	-1,177,762,076
Other comprehensive (loss) / income	1,444,095
Capital Reduction	--
Deduct	
Statutory reserve (10%)	--
Proposed dividends of Riyals per share	--
Balance at 31 December 2023	-1,403,902,766

6. A Description of Interests in the Category of Voting Shares

There are no interests in the category of voting shares.

7. Description of Interests, Rights of Option, and Subscription Rights of Members of the Board of Directors, Senior Executives, their Spouses, and Minors in Shares and Debt Instruments Issued by the Company or its Subsidiaries.

There are no interests, option rights, or subscription rights belonging to any of the members of the Board of Directors, the Company's Senior Executives, their spouses, or their minor children in shares or debt instruments issued by the Company or its subsidiaries, other than what is mentioned regarding the members of the Board of Directors in section 12.5 of the report.

8. Loans Against the Company and its Subsidiaries and the Amounts Paid During the Year

During 2023, the Group has obtained 4 new loans from banks outside KSA to support their international operations. Two facilities obtained in USD amounted to US 15 million, US 25 dollars (equivalent to SR 56.2 million, and SR 93.7 million respectively) and other two obtained in their local currency (equivalent to SR 42.1M and SR 22.6M respectively).

One LC Refinance new facility has been utilized from KSA banks to support KSA operations. All new loans terms are mentioned in below table: The details of these loans were as follows:

The creditor	Loan term	Loan principal	The loan amounts that were withdrawn during the year	Settlement of loans during the year	Loan balance as of 31 Dec, 2023
National Commercial Bank	84 months	2,758,557,262		(677,235,046)	2,081,322,216
Riyad Bank	36 months	150,000,000			150,000,000
SABB Bank	LC Refinance	15,754,535	47,698,768	(54,561,608)	8,891,695
ANB Bank	LC Refinance	-	60,466,614	(15,835,845)	44,630,769
Bank of Georgia	48 Months	-	93,700,166	--	93,700,166
TBC Bank	30 Months	-	56,239,834	(4,255,564)	51,984,270
Bank of Georgia	LC Refinance	-	42,108,781		42,108,781
Pasha Bank	18 Months	-	22,630,511		22,630,511
Bank Al Etihad - Jordan	LC Refinance	8,055,941	11,502,367	(8,055,941)	11,502,367
Total		2,932,367,738	334,347,041	(759,944,004)	2,506,770,775

9. Description of Convertible Debenture

There is no convertible debenture issued by the Company.

10. Description of Transfer or Subscription Rights

There are no transfer or subscription rights issued by the Company.

11. Description of Recovered or Canceled Debt Instruments of the Company and its Subsidiaries

There are no redeemed or canceled debt instruments of the Company and its subsidiaries.

12. Board of Directors

12.1 Composition of the Board of Directors and classification of its members

The Board of Directors is composed of nine members elected by the General Assembly for three years started from 12/08/2020 and ended on 11/08/2023.

Name	Nationality	Capacity	Membership status
Fawaz Abdul Aziz Al Hokair	KSA	Chairman of the Board of Directors	Non-Executive
Dr. Abdul Majeed Abdul Aziz Al Hokair	KSA	Member	Non-Executive
Abdul Majeed Abdullah Al-Basri	KSA	Member	Non-Executive
Ahmed Saleh Al-Sultan	KSA	Member	Independent
Eng. Omar Abdul Aziz Al-Mohammadi*	KSA	Vice Chairman	Non-Executive
Eid Faleh Al Shamry*	KSA	Member	Independent
Khaled Walid Al-Shakhshir*	KSA	Member	Independent
Basem Abdullah Al-Salloum*	KSA	Member	Independent
Mohamed Rafiq Murad*	Lebanon	Member	Executive

* His membership ended on 11/08/2023

The Board of Directors for the current session was elected by the General Assembly for a period of three years. The general session, started on 08/12/2023, ends on 08/11/2026, after the end of the previous session, which ended on 08/11/2023.

Name	Nationality	Capacity	Membership status
Fawaz Abdul Aziz Al Hokair	KSA	Chairman of the Board of Directors	Non-Executive
Dr. Abdul Majeed Abdul Aziz Al Hokair	KSA	Vice Chairman	Non-Executive
Abdul Majeed Abdullah Al-Basri	KSA	Member	Non-Executive
Ahmed Saleh Al-Sultan	KSA	Member	Non-Executive
Abdulrahman Mohammed Alanqari*	KSA	Member	Independent
Ahmed Mohammed AlAlsheikh *	KSA	Member	Independent
Bander Sulaiman Alghofais *	KSA	Member	Independent
Mansour Saad Alajlan *	KSA	Member	Independent
Ahmed Badawi Shaheen*	KSA	Member	Independent

* His membership started on12/08/2023

12.2 Experience and academic qualifications of Board Members

Name	Fawaz Abdul Aziz Al Hokair
Qualification	Bachelor's degree in Economics and Accounting
	PhD in Economics and Accounting - Loughborough University, UK
Areas of expertise	Supervising the management of Fawaz Abdul Aziz Al Hokair & Partners Real Estate Company
	Chairman of the Board of Directors of Arabian Centres Company
Current role	Chairman of the Board of Directors - Fawaz Al Hokair Company
Previous role	None

Name	Eng. Omar Abdul Aziz Al-Mohammadi*
Qualification	Bachelor's degree in Chemical Engineering and Economics -Vanderbilt University, USA
	CEO - BATEC company
	Chief Executive Officer - Goldman Sachs, Saudi Arabia
	Head of Investment Banking Unit in Saudi Arabia - Barclays
	Member of the Advisory Board - Alchemist Trading Company
	Executive Board Member - Merchant Bridge Direct Investment Company
	Head of Middle East Unit - Dom Capital
Current role	Chief Executive Officer - FAS Company
Previous role	Chief Executive Officer - BATEC Corporation, Goldman Sachs Saudi Arabia

Name	**Dr. Abdul Majeed Abdul Aziz Al Hokair**
Qualification	Bachelor's degree in Medicine and Surgery - King Saud University, KSA
Areas of expertise	Apparel, retail and food industries
Current role	Member of the Board of Directors - Fawaz Al Hokair Company
Previous role	Chairman of the Board of Directors - Fawaz Al Hokair Co.

Name	**Eid Faleh Al Shamry***
Qualification	Bachelor's degree in Industrial Management Sciences, with honors - King Fahd University of Petroleum and Minerals, KSA
Areas of expertise	Fellowship of the American Board of Certified Public Accountants
	Member of the American Association of Certified Public Accountants since 1992
Current role	Chief Executive Officer - Ithraa Finance
Previous role	Deputy General Manager - Al-Seef Investment Company

Name	**Khaled Waleed Al-Shakhshir ***
Qualification	Bachelor's degree in Mechanical Engineering and Economics -Vanderbilt University, USA
	Executive program for Development of Social Responsibility Strategy
	Executive program for Building and Developing Strategies
Areas of expertise	Loss Prevention Engineer - Aramco
	Executive Director and Member of the Executive Committee - Unilever
	Managing Partner - Pure Consulting Company
Current role	Managing Partner - Pure Consulting Company
Previous role	Executive Director of Unilever Marketing and General Management
	Loss Prevention Engineer - Aramco

Name	**Abdul Majeed Abdullah Al Basri**
Qualification	Master's degree in Applied Financial Mathematics - University of Connecticut, USA
	Master's degree in Economics - University of Connecticut, USA
	Bachelor's degree in Finance - James Madison University, USA
Areas of expertise	Head of Treasury - Fawaz Abdul Aziz Al Hokair & Partners Group
	Head of Treasury - Fawaz Abdul Aziz Al Hokair & Partners Group
	Portfolio Manager - Samba Capital Auditor - Aldar Audit Office
Current role	Chief Financial Officer - FAS Group
Previous role	Executive Director of Unilever Marketing and General Management
	Head of Treasury - Almarai Company

Name	**Basem Abdullah Al-Salloum ***
Qualification	Master's degree in Executive Leadership Development Program - Harvard University, USA
	Master's degree in Information Technology Consulting - Kent University, USA
	Bachelor's degree in English Literature - Imam Mohammad Ibn Saud Islamic University, KSA
Areas of expertise	Deputy Governor for Media and Marketing Affairs - General Investment Authority
	Member of the Board of Directors -Saudi Export Development Authority
	Member of the Board of Directors - Al-Faleh Sports House Company
	Managing Director and CEO - SURE International Technology Company
Current role	Managing Director and Chief Executive Officer - SURE International Technology Company
Previous role	Member of the Board of Directors - Al-Faleh Sports House Company

Name	**Mohamed Rafiq Murad***
Qualification	Master's degree in Executive Business Administration - The Business School for the World (INSEAD)
	Bachelor's degree in Economics/Business Administration - Lebanese American University, Lebanon
Areas of expertise	Investment and Audit Committee of the Board of Directors - Emaar Group Company
	Investment Committee - Middle East Project Partners
	Director of Business Development, Emerging Markets of YouTube - Google Company
	Director and Consultant of Strategy (Dubai/Riyadh) - Bose Corporation
	Director of Business Development, MENA and Turkey (Dubai / Jeddah) - Mars Company
	Regional Manager (Lagos / Nigeria) -Radioactive Engineering
Current role	Managing Director and CEO - Arabian Centres Company
Previous role	Vice President - International Partners, San Francisco

Name	**Ahmed Saleh Al-Sultan**
Qualification	Master's degree in Business Administration - Brunel University, UK
	Bachelor's degree in Finance
	Master's degree in Management -Qassim University, KSA
Areas of expertise	Operations Manager NESC - Commercial Projects Company
	Executive Vice President - NESC Commercial Projects Company
	Chief Executive Officer - Thobe Al Aseel Company
Current role	Chief Executive Officer - Thobe Al Aseel Company
Previous role	Executive Vice President - NESC for Commercial Projects Company

Name	**Abdulrahman Mohammed Alanqari****
Qualification	PHD in architecture
Areas of expertise	Member of the Board of Directors and Chairman of the Nominations Committee of the Saudi Finance Company
Current role	
Previous role	Vice Chairman of the Board of Directors of the Arab Insurance Company and Chairman of the Audit Committee

Name	**Ahmed Mohammed AlAlsheikh***
Qualification	Bachelor's degree in sociology
Areas of expertise	Chairman of the Ahmed Al Sheikh company
Current role	Chairman of the Ahmed Al Sheikh company
Previous role	Founder and chairman of Wahba company

Name	**Bander Sulaiman Alghofais***
Qualification	Master's degree in Computer Science
	Bachelor's degree in Computer Science
Areas of expertise	Director General of Information Technology Governance at the General Organization for Social Insurance
	Director of Business Intelligence and Databases Department at the General Organization for Social Insurance
Current role	CEO of Madad Business Information Systems Technology Company
Previous role	Director General of Digital Transformation at the Human Resources Development Fund

Name	Mansour Saad Alajlan*
Qualification	Bachelor's degree in science
Areas of expertise	Executive Director of Arab Towns Company
	Executive Vice President, Saudi Lebanese Construction Company
	Executive Director at Fawaz Abdulaziz Al Hokair & Partners Company
Current role	-
Previous role	Executive Vice President of Asal Company

Name	Ahmed Badawi Shaheen*
Qualification	
Areas of expertise	Managing Director of the Arab International Appliances Company
Current role	Managing Director of Al Shaheen Metallurgical Industries Company
Previous role	Founding partner of Nabaa Bisan Company

* His membership ended on 11/08/2023

* His membership started on12/08/2023

12.3 Names of companies inside or outside the Kingdom for which a member of the Company's Board of Directors is a member of its current and previous Boards of Directors or one of its managers

Member name	Names of companies where a member of the Board of Directors is a current member of the Board of Directors or one of their managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed shareholding/ unlisted/ limited liability)	Names of companies where a member of the Board of Directors is a previous member of the Board of Directors or one of their managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed areholding/ unlisted/ limited liability)
Fawaz Abdul Aziz Al Hokair	FAS Saudi Holding Company	Inside the Kingdom	Closed joint stock company	Azizia Panda United Company	Inside the Kingdom	Closed joint stock company
	Saudi Medical Company	Inside the Kingdom	Closed joint stock company			
	Arabian Centres Company	Inside the Kingdom	Listed joint stock company			
	FAS Saudi Holding Company	Inside the Kingdom	Limited liability			
	Downtown Saudi Company	Inside the Kingdom	Limited liability			
	Muvi Cinemas Company	Inside the Kingdom	Closed joint stock company			
	Star Energy Company	Inside the Kingdom	Limited liability			
	Al Farida First Properties	Inside the Kingdom	Limited liability			
	Emaar Mixers	Inside the Kingdom	Limited liability			
Mr. Omar Abdul Aziz Al-Mohammadi	FAS Saudi Holding Company	Inside the Kingdom	Unlisted joint stock company	Patek Investment Company and logistical support	Inside the Kingdom	Listed joint stock company
	Citibank Group	Inside the Kingdom	Unlisted joint stock company	Al Reef Sugar Refining Company	Inside the Kingdom	Unlisted joint stock company
	Arabian Centres Company	Inside the Kingdom	Listed joint stock company	Jazan Energy and Development Company	Inside the Kingdom	Listed joint stock company

Dr. Abdul Majeed Abdul Aziz Al Hokair	FAS Saudi Holding Company	Inside the Kingdom	Closed joint stock company	Fas Construction Company	Inside the Kingdom	Limited liability
	Saudi Medical Company	Inside the Kingdom	Unlisted joint stock company	Abdul Majeed Abdul Aziz Al Hokair & Sons Holding Company	Inside the Kingdom	Limited liability
Eid Faleh Al Shamry	Aldrees Petroleum Services Company	Inside the Kingdom	Listed joint stock company	Member of the Audit Committee of the French Bank	Inside the Kingdom	Listed joint stock company
	Gulf Shipping & Unloading Contracting	Inside the Kingdom	Limited liability	Alitco Company	Inside the Kingdom	Closed joint stock company
	Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed joint stock company	Amana Cooperative Insurance Company	Inside the Kingdom	Listed joint stock company
	Fawaz Al Hokair Company	Inside the Kingdom	Listed joint stock company	Al Saif RDB Company	Inside the Kingdom	Limited liability
	Taiba Investments	Inside the Kingdom	Limited liability	Development Company for Investment and Real Estate Development	Inside the Kingdom	Unlisted joint stock company
				Saudi Kidney Center Company	Inside the Kingdom	Limited liability
				Ithraa Medical Services Company	Inside the Kingdom	Limited liability
				Ithraa Investment and Real Estate Development Company	Inside the Kingdom	Limited liability
				Saudi Viva Company for Commercial Services	Inside the Kingdom	Limited liability
				Riyadh Technology Company	Inside the Kingdom	Limited liability
				Riyadh Modern Technology Company	Inside the Kingdom	Limited liability
				Viva Fit Investment Company	Inside the Kingdom	Limited liability
				Ithraa Company for Gymnasiums and Centers	Inside the Kingdom	Limited liability
				Ajir Investment Company	Inside the Kingdom	Limited liability

Khaled Waleed Al-Shakhshir	Net Consultancy Company	Inside the Kingdom	Closed joint stock company			
	Pure Sports Company	Inside the Kingdom	Limited liability			
	Rapid Distribution Company	Inside the Kingdom	Limited liability			
	Rapid Distribution Company	Inside the Kingdom	Limited liability			
	Asala Wood	Inside the Kingdom	Limited liability			
	Packaging technology	Inside the Kingdom	Limited liability			
	Mend Consulting	Inside the Kingdom	Limited liability			
	Net Consultancy Company	Inside the Kingdom	Limited liability			
Abdul Majeed Abdullah Al-Basri	Arabian Centers	Inside the Kingdom	Listed joint stock company			
Basem Abdullah Al-Salloum	Sure, International Technology Company	Inside the Kingdom	Limited liability	National Communications and Information Technology Committee	Inside the Kingdom	National Committee
	Malath Cooperative Insurance Company	Inside the Kingdom	Public shareholding company			
	Mohammed Hussein Bin Yala & Sons Exchange Company	Inside the Kingdom	Joint company			
	Nabataty AlManzelyah	Inside the Kingdom	Limited liability			
	Sure, International Technology Company	Inside the Kingdom	Closed joint stock company			
	BAS Investments	Inside the Kingdom	Limited liability			
Mohamed Rafiq Murad	Arabian Centers	Inside the Kingdom	Listed joint stock company			
Ahmed Saleh Al Sultan	AlSaif Stores for Development and investment Co.	Inside the Kingdom	Listed joint stock company			
Abdulrahman Mohammed Alanqari	Saudi Financing Company	Inside the Kingdom	Closed joint stock company			
Ahmed Mohammed AlAlsheikh	Non					
Bander Sulaiman Alghofais	Non					
Mansour Saad Alajlan	Non					
Ahmed Badawi Shaheen	Al-Shaheen Metallurgical Industries Company	Inside the Kingdom	Closed joint stock company	Riyadh National Recruitment Company	Inside the Kingdom	Closed joint stock company

12.4 Board meetings

The Board of Directors held Four meetings during the year to discuss issues related to the financial year ended on 31 December, 2023. The following table shows the details of the sessions and attendees:

12.5 The interests and rights of the members of the Board of Directors, their spouses and their minors

Name	09/05/2023	05/09/2023	08/10/2023	19/12/2023	Total	Attendance rate
Fawaz Abdul Aziz Al Hokair	Did not attend	Attended	Attended	Did not attend	2	50%
Dr. Abdul Majeed Abdul Aziz Al Hokair	Attended	Attended	Attended	Attended	4	100%
Abdul Majeed Abdullah Al-Basri	Attended	Attended	Attended	Attended	4	100%
Ahmed Saleh Al-Sultan	Attended	Attended	Attended	Attended	4	100%
Omar Abdul Aziz Al-Mohammadi	Did not attend	His membership has ended			0	0%
Eid Faleh Al Shamry	Attended	His membership has ended			1	100%
Khaled Waleed Al-Shakhshir	Attended	His membership has ended			1	100%
Mohamed Rafiq Murad	Attended	His membership has ended			1	100%
Basem Abdullah Al-Salloum	Attended	His membership has ended			1	100%
Abdulrahman Mohammed Alanqari	His membership hasn't started	Attended	Attended	Attended	3	100%
Ahmed Mohammed AlAlsheikh	His membership hasn't started	Attended	Attended	Attended	3	100%
Bander Sulaiman Alghofais	His membership hasn't started	Attended	Attended	Attended	3	100%
Mansour Saad Alajlan	His membership hasn't started	Attended	Attended	Attended	3	100%
Ahmed Badawi Shaheen	His membership hasn't started	Attended	Did not attend	Did not attend	1	33%

12.5 The interests and rights of the members of the Board of Directors, their spouses and their minors

Name	Number of shares at the beginning of the year	Ownership percentage at the beginning of the year	Net change in the number of shares during the year	Percentage age change during the year	Total number of shares at the end of the year	Ownership percentage at the end of the year
Fawaz Abdul Aziz Al Hokair	8,033,648	7%	4,459,490	3.9%	3,574,158	3.11 %
Dr. Abdul Majeed Abdul Aziz Al Hokair	7,984,507	6.96%	1,731,347	1.52%	6,253,160	5.44 %
Eid Faleh Al Shamry *	0	0%	0	0.00%	N/A	0%
Omar Abdul Aziz Al-Mohammadi *	0	0%	0	0.00%	N/A	0%
Ahmed Saleh Al-Sultan	0	0%	0	0.00%	N/A	0%
Basem Abdullah Al-Salloum*	0	0%	0	0.00%	N/A	0%
Khaled Waleed Al-Shakhshir*	0	0%	0	0.00%	N/A	0%
Abdul Majeed Abdullah Al-Basri	0	0%	0	0.00%	N/A	0%
Mohammed Rafic Mourad*	0	0%	0	0.00%	N/A	0%
Abdulrahman Mohammed Alanqari **	13,004	0,01 %%	0	0.00%	13,004	0,01 %
Ahmed Mohammed AlAlsheikh**	1000	0,0008%	0	0.00%	1000	0,0008 %
Bander Sulaiman Alghofais**	1000	0,0008%	0	0.00%	1000	0,0008 %
Mansour Saad Alajlan**	0	0%	0	0.00%	N/A	0%
Ahmed Badawi Shaheen**	0	0%	0	0.00%	N/A	0%

* His membership ended on 11/08/2023

* His membership started on12/08/2023

Other than what was included in the previous table, there is no interest, selection rights, or subscription rights belonging to any of the members of the Board of Directors, their spouses, or their minor children in the shares or debt instruments of the company or any of its subsidiaries.

12.6 Board of Directors' actions to inform its members of shareholders' proposals

The Board of Directors provides all members, especially non-executives, with legal documents, financial reports, activity follow-up reports, future expansion studies, and Board reports, as well as rules, procedures, policies, and internal regulations that enable them to carry out their duties and discharge their responsibilities adequately, including being aware of the Shareholders' proposals and remarks regarding the Company and its performance.

Additionally, a mechanism has been created for the Shareholder Affairs Department to deal with proposals and observations received from the Shareholders.

12.7 Means of the Board of Directors to evaluate its performance and the performance of its members and subcommittees

The Board of Directors relied on the procedures set out in the Board's work regulations and the work regulations of the sub-committees to evaluate the annual performance of the Board members and its sub-committees through the self-evaluation forms.

12.8 Board committees

The Company's Board of Directors has three sub-committees: The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee, which are described below.

12.8.1 Audit Committee

The Audit Committee was formed by a decision of the Board of Directors consisting of three (3) members, including a member specializing in financial and accounting affairs, and an independent board member.

During the period from January 1, 2023, to December 31, 2023, several changes occurred in the membership of the Audit Committee as follows:

- On March 14, 2023, the Board of Directors approved the resignation of the Chairman of the Audit Committee, Mr. Eid Faleh Al-Shamri, effective from March 14, 2023. The Board decided to appoint board member Mr. Ahmed Saleh Al-Sultan as the new Chairman of the Audit Committee.
- On August 11, 2023, the term of the Audit Committee ended concurrently with the term of the Board of Directors. Starting from September 5, 2023, the newly elected Board of Directors, whose term began on August 12, 2023, for a duration of three years until August 11, 2026, decided to appoint Dr. Abdulrahman bin Mohammed Al-Anqari as the Chairman of the Audit Committee, Mr. Ahmed bin Saleh Al-Sultan as a member of the committee, and Mr. Zaki bin Abdullah Al-Awami as a member of the committee.

Name	Title
Dr. Abdulrahman Mohammed Al-Anqari	Chairman of the Committee (from 5/9/2023, until present)
Mr. Ahmed Saleh Al-Sultan	Committee Member (from 5/9/2023, until present) Chairman of the Committee (from 14/3/2023, until 11/8/2023)
Mr. Zaki Abdullah Al-Awami	Committee Member (from 5/9/2023, until present)
Mr. Eid Faleh Al-Shamri	Chairman of the Committee (from 12/8/2020, until 14/3/2023)
Dr. Suleiman Abdullah Al-Sakran	Committee Member (from 12/8/ 2020, until 11/8/ 2023)
Mr. Saad Ibrahim Al-Mushawah	Committee Member (from 12/8/ 2020, until 11/8/ 2023)

Experience and qualifications of the members of the Audit Committee

Name	**Eid Faleh Al Shamry**
Qualification	Bachelor's degree in Industrial Management Sciences, with honors - King Fahd University of Petroleum and Minerals
Areas of expertise	Fellowship of the American Board of Certified Public Accountants Member of the American Association of Certified Public Accountants since 1992
Current role	Chief Executive Officer - Ithraa Finance
Previous role	Deputy General Manager - Al-Seef Investment Company

Name	**Dr. Suleiman Abdullah Al-Sukran**
Qualification	Bachelor of Science in Industrial Management Master's degree in Administrative Sciences PhD
Areas of expertise	Associate Professor of Finance, Department of Finance and Economics, College of Industrial Management, King Fahd University Secretary General of the University Higher Education Fund
Current role	Associate Professor of Finance, Department of Finance and Economics, College of Industrial Management, King Fahd University
Previous role	Secretary General of the University Higher Education Fund

Name	**Saad Ibrahim Al-Mushawah**
Qualification	Bachelor of Science in Industrial Management
Areas of expertise	Financial Analysis
	Project Manager
	Chief Executive Officer
Current role	CEO of Gulf Union Food Company
Previous role	Credit Team Leader
	Industrial Development Fund

Name	**Ahmed Saleh Al-Sultan**
Qualification	Master's degree in Business Administration - Brunel University, UK
	Bachelor's degree in Finance
	Master's degree in Management -Qassim University, KSA
Areas of expertise	Operations Manager NESC - Commercial Projects Company
	Executive Vice President - NESC Commercial Projects Company
	Chief Executive Officer - Thobe Al Aseel Company
Current role	Chief Executive Officer - Thobe Al Aseel Company
Previous role	Executive Vice President - NESC for Commercial Projects Company

Name	**Abdulrahman Mohammed Alanqari**
Qualification	PHD in architecture
Areas of expertise	Member of the Board of Directors and Chairman of the Nominations Committee of the Saudi Finance Company
Current role	
Previous role	Vice Chairman of the Board of Directors of the Arab Insurance Company and Chairman of the Audit Committee

Name	**Mr. Zaki Abdullah Al-Awami**
Qualification	Bachelor's degree in Business Administration
Areas of expertise	Investment analyst at Global Investment House
	Financial analyst at SABIC
Current role	Head of Asset Management at Alinma Investment Company
Previous role	Manager of Asset Management at Alinma Investment Company

The tasks and responsibilities of the Audit Committee are summarized as follows:

1. Supervising the internal audit department to ensure its effectiveness in implementing the tasks and activities defined by the accounting policies approved by the Board of Directors and relevant authorities.
2. Studying internal audit reports and monitoring the implementation of corrective actions for the observations mentioned therein.
3. Presenting recommendations to the General Assembly for the appointment of external auditors, terminating their engagement, determining their fees, ensuring their independence, and monitoring their activities, including reviewing and approving the audit plan with the external auditor.
4. Studying the external auditor's observations on the company's financial statements and following up on actions taken, along with reviewing the quarterly and annual financial statements before presenting them to the Board of Directors, providing opinions, and making recommendations regarding them.
5. The full responsibility for the accuracy of the financial data lies with the executive management, while the responsibility of the Audit Committee is limited to providing an independent opinion based on the information presented to it by the company management, internal audit management, and external auditors.
6. Evaluating the effectiveness of the company's risk assessment of significant risks and the steps taken by the company management to monitor and address these risks, and providing opinions and recommendations to the Board of Directors regarding them.
7. Issuing an annual report to the General Assembly that includes details of the committee's performance regarding its duties and responsibilities as stipulated in the Company Law and its executive regulations. The report should include the committee's recommendations and opinions on the effectiveness of the company's internal control and financial systems, as well as its risk management systems.
8. Providing an annual report to the shareholders that clarify the role and responsibilities of the committee, along with any other information required by the relevant official authorities.

Sixteen (16) meetings of the Audit Committee were held during the period from January 1, 2023, to December 31, 2023, as follows:

Meeting Number	Date	Dr. Abdulrahman	Mr. Ahmed	Mr. Zaki	Mr. Eid	Dr.Suleiman	Mr. Saad
1	06 February 2023				a	a	a
2	26 March 2023		a			a	a
3	04 April 2023		a			a	a
4	08 April 2023		a			a	a
5	21 May 2023		a			a	a
6	25 May 2023		a			a	a
7	29 May 2023		a			a	a
8	12 June 2023		a			a	a
9	21 June 2023		a			a	a
10	02 August 2023		a			a	a
11	14 September 2023	a	a	a			
12	08 October 2023	a	a	a			
13	30 October 2023	a	a	a			
14	05 November 2023	a	a	a			
15	12 December 2023	a	a	a			
16	19 December 2023	a	a	a			
Total attendance of meetings for each member		06	15	06	01	10	10

Completed Committee Tasks

1. Reviewing the company's annual and quarterly financial statements and providing recommendations to the Board of Directors for approval based on the external auditor's recommendation.
2. Continuing to engage "Crowe" company for internal audit services in collaboration with the internal audit department.
3. Appointing Deloitte to conduct a Forensics Inventory Investigation in Inditex inventory shrinkage, which amounted to over 350 million riyals by the end of last year on December 31, 2022, to ascertain the reasons behind this shrinkage.

4. Following up with the management to collect overdue amounts from related parties, "Cenomi Group" and a sister company "Lynx (previously Fawaz Alhokair Real Estate)", where the balance of these amounts reached approximately 422.5 million Saudi riyals according to the company's accounting records as of December 31, 2022. The entire outstanding balance was collected during the year 2023.
5. Following up with the management to complete the project of preparing policies, procedures, organizational structure, and authority matrix. The project was contracted in June 2023 to be prepared by PwC, and all project deliverables were handed over to the executive management by the end of December 2023.
6. During the period, Crowe issued a total of 18 audit reports, in addition to annual follow-up reports. These reports were presented and discussed with the relevant departments, CEO, and the Audit Committee. Due to their significance, the Audit Committee confirmed this by forwarding the reports to the Board of Directors through several letters.
7. The committee continued its communication with the Board of Directors until the present date through (7) reports on highly important topics for review and necessary actions, as follows:
    1. The first letter dated March 26, 2023
    (Regarding the committee's follow-up on management responses and actions taken regarding the observations mentioned in previous Audit Committee letters sent to the Board of Directors).
    2. The second letter dated April 5, 2023
    (Regarding the discussion of the financial statements for the fiscal year ended December 31, 2022 (nine months), including the accompanying explanations and references to the external auditor's comments regarding the right-of-use assets and measurement of lease liabilities "ROU", and the Inditex inventory shrinkage).
    3. The third letter dated April 18, 2023
    (Regarding a summary of internal audit activities related to the logistics services sector, retail sector, food and beverage sector, retail company in Morocco, and sales operations in the central region).
    4. The fourth letter dated May 23, 2023
    (Regarding the results of the review of the financial statements for the first quarter ended March 31, 2023, regarding the right-of-use assets and lease liabilities "ROU").
    5. The fifth letter dated June 14, 2023
    (Regarding the inventory and follow-up on inventory count results and investigation into the causes of the Inditex inventory shrinkage).
    6. The sixth letter dated November 6, 2023
    (Regarding the Audit Committee's decision to suspend payments due for projects and services provided by Alix Partners until Deloitte completes the review of those projects and services).
    7. The seventh letter dated December 3, 2023
    (Regarding some observations regarding the termination/resignation status of the CEO of the Emerging Sectors "Gilles Ivan" during the probation period and the adequacy of the hiring/EOS termination procedures).
    8. Conducting several meetings with both the external and internal auditors of the company, ensuring that the company's management has provided them with all the necessary data and information required to perform their duties.
    9. Reviewing and approving the annual plan, annual evaluation, increases, and bonuses for the internal audit department.
    10. Reviewing and approving the charter, manual, and protocols of internal audit.
    11. Appointing recent Saudi graduates in internal audit department to support Saudization efforts and knowledge transfer.
    12. Reviewing the annual report of internal audit and monitoring the implementation of internal audit findings and recommendations.

Internal Audit Department

The Internal Audit department, in collaboration with Crowe, is responsible for internal auditing tasks across various departments of the company. As part of the implementation of internal audit services, it adheres to the following:

1. Conducting audits in accordance with the professional standards established by the Institute of Internal Auditors.
2. Maintaining independence, objectivity, and adhering to the highest level of fairness, integrity, and compliance with the professional code of conduct set forth by the Institute of Internal Auditors.
3. Maintaining good relationships with fellow auditors characterized by open communication, trust, mutual respect, and professionalism, while maintaining a high level of performance and time management.
4. Encouraging teamwork and creativity. Achieving continuous professional improvement through obtaining professional certifications and educational goals in the professional field. Conducting comprehensive audits to provide a reasonable level of assurance.
5. Working on developing the department professionally according to the size of the company's operations and the seriousness towards localizing the necessary expertise for it.

Scope of Work of Internal Audit Department:

1. Developing the annual internal audit plan based on the risks identified during risk assessment, verifying the accuracy by management, and prioritizing the limited resources. The audit plan is organized over a three-year period, with a mix of internal audit tasks each year based on risk assessment, aiding compliance, providing necessary consulting services, and continuous monitoring and follow-up.
2. Assisting management in achieving its objectives and goals by striving to positively impact the efficiency and effectiveness of operations.
3. Continuing to affirm professionalism, competence, and a positive attitude.
4. Continuously leveraging evolving audit methodologies and technologies to make the audit process more effective and efficient.
5. Striving to be leaders in the professional practice of internal auditing in the Kingdom of Saudi Arabia.
6. Developing and implementing a risk-based sampling and testing approach to determine whether the most important internal controls are well-designed and operating as intended.

Supervision of the Audit Committee

The Audit Committee periodically oversees the internal audit activities and regularly reviews its reports. To ensure the independence of the internal audit, the Head of Internal Audit submits technical, professional, and administrative reports to the Audit Committee, without any intervention from company managers in internal audit affairs. The Internal Audit department does not assume any direct operational responsibility in any of the areas or activities under review. It is the responsibility of the Head of Internal Audit to annually confirm to the Audit Committee the independence of the Internal Audit management.

The Internal Audit department provides the Audit Committee with a summarized report on weaknesses in internal controls, limited scope, best practices, and areas for improvement on a quarterly basis, following the framework of international professional practices set by the Institute of Internal Auditors. This aims to enhance the existing internal control framework.

12.8.2 Nomination and Remuneration Committee

At its meeting on 17 August 2020 in the previoes board, The Board of Directors approved the appointment of the members of the Nomination and Remuneration committee , which has ended 11 August 2023 as follows:

Members	Nationality	Membership status	Membership category
Khaled Walid Al-Shakhshir	Saudi	Chairman	Independent
Omar Abdul Aziz Al-Mohammadi	Saudi	Member	Non-Executive
Abdul Majeed Abdullah Al-Basry	Saudi	Member	Non-Executive

At the Board of Directors meeting on September 5, 2023, it was decided to approve the appointment of members of the Nominations and Remuneration Committee for the new session, which ends on 11 August, 2026, as follows:

Members	Nationality	Membership status	Membership category
Bander Sulaiman Alghofais	Saudi	Chairman	Independent
Mansour Saad Alajlan	Saudi	Member	Independent
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive

Experience and qualifications of the members of the Nomination and Remuneration Committee

Name	**Khaled Waleed Al-Shakhshir**
Qualification	Bachelor's degree in Mechanical Engineering and Economics -Vanderbilt University, USA
	Executive program for Development of Social Responsibility Strategy
	Executive program for Building and Developing Strategies
Areas of expertise	Loss Prevention Engineer - Aramco
	Executive Director and Member of the Executive Committee - Unilever
	Managing Partner - Net Business Consultancy Company
Current role	Executive Director - Unilever Marketing and General Management
Previous role	Managing Partner - Net Business Consultancy Company

Name	**Eng. Omar Abdul Aziz Al-Mohammadi**
Qualification	Bachelor's degree in Chemical Engineering and Economics -Vanderbilt University, USA
Areas of expertise	CEO - BATEC company
	Chief Executive Officer - Goldman Sachs Saudi Arabia
	Head of Investment Banking Unit in Saudi Arabia - Barclays
	Member of the Advisory Board - Alchemist Trading Company
	Executive Board Member - Merchant Bridge Direct Investment Company
	Head of Middle East Unit -Dom Capital
Current role	Chief Executive Officer - FAS Company
Previous role	Chief Executive Officer - BATEC Corporation, Goldman Sachs Saudi Arabia

Name	**Abdul Majeed Abdullah Al Basri**
Qualification	Master's degree in Applied Financial Mathematics - University of Connecticut, USA
	Master's degree in Economics - University of Connecticut, USA
	Bachelor's degree in Finance - James Madison University, USA
Areas of expertise	Head of Treasury - Fawaz Abdul Aziz Al Hokair & Partners Group
	Head of Treasury - Fawaz Abdul Aziz Al Hokair & Partners Group
	Portfolio Manager - Samba, Capital Auditor - Aldar Audit Office
Current role	Chief Financial Officer - FAS Group
Previous role	Head of Treasury - Almarai Company

Name	**Bander Sulaiman Alghofais**
Qualification	Master's degree in Computer Science
	Bachelor's degree in Computer Science
Areas of expertise	Director General of Information Technology Governance at the General Organization for Social Insurance
	Director of Business Intelligence and Databases Department at the General Organization for Social Insurance
Current role	CEO of Madad Business Information Systems Technology Company
Previous role	Director General of Digital

Name	**Mansour Saad Alajlan**
Qualification	Bachelor's degree in science
Areas of expertise	Executive Director of Arab Towns Company
	Executive Vice President, Saudi Lebanese Construction Company
	Executive Director at Fawaz Abdulaziz Al Hokair & Partners Company
Current role	
Previous role	Executive Vice President of Asal Company

The main task of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be members of the Board of Directors who meet the necessary requirements for membership, as well as to assist the Board of Directors in establishing a sound system and building the necessary policies and procedures in this regard.

The following highlights the ordinary activities carried by the Committee to discharge its responsibilities. It is a rule of thumb that in addition to such activities, the Committee may assume further roles and approve other policies and procedures that address the commercial, legislative, regulatory and legal changes. Furthermore, the Committee may shoulder other responsibilities related to the Committee's purposes as they may be, from time to time, assigned by the Board of Directors:

1. The Committee shall be responsible for laying out policies and practices of compensation and remuneration of the Company staff including the members of the Board of Directors.
2. The Committee shall nominate the individuals qualified for Board membership and make recommendations to the Board on candidates in accordance with definite policies and standards. The Committee shall further submit candidate recommendations to be appointed by the Board in the event of a vacant position (or in the case of expanding the Board).
3. Proposing definitive policies and standards that control the membership of the Board of Directors and the Executive Management.
4. Preparing a description of capabilities and qualifications for members of the Board and roles of the Executive Management.
5. Identifying the amount of time to be allocated by the members for the Board activities and functions.
6. On nomination, the Committee shall consider any factors it deems appropriate including discretion, adeptness, diversity and expertise. Additionally, the Committee ensures that the candidate has not previously been convicted of a moral turpitude crime and the contribution they would make to the Board or the committees. The Committee shall, at its sole discretion, review the candidates nominated by the Shareholders or the Company's Management.
7. The Committee reviews the formation of every Board sub-committee and submits its recommendation of appointment of the committee members to the Board.
8. The Committee may recommend adding members to the committees to fill vacant positions when required.
9. The Committee shall annually review the capabilities and expertise required for Board membership and the functions of the Executive Management.

10. The Committee shall periodically review the structures of the Board and Executive management and make recommendations on the changes required in this regard.
11. Ensuring, on an annual basis, the independence of the independent members, and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.
12. Developing a job description for the Executive, Non-Executive and independent members as well as senior executives.
13. The Committee shall assist the Board of Directors with selecting and assessing the candidates nominated for the Executive Management positions including the Chief Executive Officer, and with supervising the succession plans of executive managers.
14. The Committee shall annually assess the overall performance of the Board of Directors and make the required arrangements for the Board to assess its own performance.
15. The Committee shall establish definite policy organizing the remunerations of the members of the Board, its sub-committees and the Executive Management. The policy shall be submitted to the Board for review before being approved by the General Assembly. The policy shall apply, disclose and verify the execution of performance-related standards.
16. The Committee shall be directly responsible for reviewing and approving the Company's objectives associated with the remuneration of the CEO, which will act as the parameters to measure the CEO's performance on an annual basis. In the event of long-term incentives, the Committee shall consider factors including outcomes of the Company's activities, the relative return to Shareholders, and the similar incentive amounts received by CEOs of similar companies.
17. The Committee shall submit its recommendations on the remunerations of the members of the Board, its sub-committees and the Executive Managers, and on plans of incentives and shareholding.
18. The Committee shall review the compensation and remuneration system including incentives, end of service benefits, pension plans and benefits of employees other than directors and senior executives. The system shall be aligned with the Company's human resources strategy.
19. The Committee shall conduct a periodic review of the Company's plans related to recruiting, developing, promoting and retaining employees. Such plans shall be in line with the Company's human resource strategy.
20. The Committee shall prepare and issue an annual report of the remunerations of the Board Members and Executive Managers as well as other reports as may be required by the related laws and regulations. The report shall account for the relation between the paid remuneration and the applicable award policy while stating any material deviation from the mentioned policy.
21. The Committee shall periodically review the remuneration policy and assess its effectiveness in delivering its objectives.
22. The Committee shall evaluate its own performance on an annual basis and submit the results to the Board of Directors. The evaluation shall include performance levels and the observation by each member of the Committee's activates and responsibilities.
23. The Committee periodically reviews and re-evaluates the adequacy of these regulations and submits its recommendations to the Board of Directors on amendments it deems necessary or required. The Committee shall conduct such reviews and assessments in the manner it deems appropriate.

Over the last year, the Committee held one meeting and discussed the following:

- Annual checking for independency of independent board members.
- Periodic review for board and executive management compensation policy, and assess the effectiveness to achieve the intended goals.
- Reviewed the board structure and executive management structure, and recommending to the board about the possible changes to develop the structure.
- Reviewed the appointment of interim CEO.

The Committee's attendance is shown in the following table:

Members	17/01/2023	15/02/2023	13/07/2023	31/10/2023	Attendance rate
Khaled Waleed Al-Shakhshir	Attended	Attended	Attended	His membership has ended	100%
Omar Abdul Aziz Al-Mohammadi	Attended	Attended	Attended	His member ship has ended	100%
Abdul Majeed Abdullah Al-Basri	Attended	Attended	Attended	Attended	100%
Bander Sulaiman Alghofais	His membership hasn't started			Attended	100%
Mansour Saad Alajlan	His membership hasn't started			Attended	100%

12.8.3 Executive Committee

In the Board of Directors meeting on 17/08/2020 AD, the Board approved Resolution No. (01/2020), which includes the appointment of the Executive Committee as follows:

Members	Nationality	Membership status	Membership category
Mohamed Rafiq Murad	Lebanon	Chairman	Executive
Omar Abdul Aziz Al-Mohammadi	Saudi	Member	Non-Executive
Dr. Abdul Majeed Abdul Aziz Al Hokair	Saudi	Member	Non-Executive
Marwan Aziz Moukarzel	Lebanon	Member	Out of Board
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive

It was decided to approve the formation of the Executive Committee for the new session on 11/17/2023 AD, which ends on 08/11/2026 AD, as follows:

Members	Nationality	Membership status	Membership category
Mohamed Rafiq Murad	Lebanon	Chairman	Out of Board
Dr. Abdul Majeed Abdul Aziz Al Hokair	Saudi	Member	Non-Executive
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive
Wassim Kabbara	Lebanon	Member	Out of Board

The following table shows the attendance:

Members	06/08/2023	03/12/2023	Attendance rate
Mohamed Rafiq Murad	Attended	Attended	100%
Omar Abdul Aziz Al-Mohammadi	Attended	His membership has ended	100%
Dr. Abdul Majeed Abdul Aziz Al Hokair	Attended	Attended	100%
Marwan Aziz Moukarzel	did not attend	His membership has ended	0%
Abdul Majeed Abdullah Al-Basri	Attended	Attended	100%
Wassim Kabbara	His membership hasn't start	Attended	100%

Experience and academic qualifications of members of the Executive Committee

Name	**Eng. Omar Abdul Aziz Al-Mohammadi**
Qualification	Bachelor's degree in Chemical Engineering and Economics -Vanderbilt University, USA
Areas of expertise	CEO - BATEC company
	CEO - Goldman Sachs Saudi Arabia
	Head of Investment Banking Unit in Saudi Arabia - Barclays
	Member of the Advisory Board -Alchemist Trading Company
	Executive Board Member - Merchant Bridge Direct Investment Company
	Head of Middle East Unit - Dom Capital
Current role	CEO - FAS Company
Previous role	CEO - BATEC Corporation

Name	**Dr. Abdul Majeed Abdul Aziz Al Hokair**
Qualification	Bachelor's degree in Medicine and Surgery
Areas of expertise	Apparel, retail and food industries
Current role	Vice Chairman of the Board of Directors - Fawaz Al Hokair Co
Previous role	Chairman of the Board of Directors - Fawaz Al Hokair Co.

Name	**Marwan Aziz Moukarzel**
Qualification	Master of Business Administration
Areas of expertise	15 years of experience in retail sales
Current role	CEO international - FAS Group
Previous role	CEO - Fawaz Abdulaziz Alhokair & Co.

Name	**Abdul Majeed Abdullah Al Basri**
Qualification	Master's degree in Applied Financial Mathematics - University of Connecticut, USA
	Master's degree in Economics - University of Connecticut, USA
	Bachelor's degree in Finance - James Madison University - USA
Areas of expertise	Head of Treasury - Fawaz Abdul Aziz Al Hokair & Partners Group
	Portfolio Manager - Samba Capital
	Auditor - Aldar Audit Office
Current role	CFO - FAS Group
Previous role	Head of Treasury - Almarai Company

Name	**Mohamed Rafiq Murad**
Qualification	Master's degree in Executive Business Administration - The Business School for the World (INSEAD)
	Bachelor's degree in Economics/Business Administration - Lebanese American University, Lebanon
Areas of expertise	Investment and Audit Committee of the Board of Directors - Emaar Group Company
	Investment Committee - Middle East Project Partners
	Director of Business Development, Emerging Markets of YouTube - Google Company
	Director and consultant of Strategy (Dubai/Riyadh) - Bose Corporation Director of Business Development, MENA and Turkey (Dubai / Jeddah) - Mars Company
	Regional Manager (Lagos / Nigeria) -Radioactive Engineering
Current role	Managing Director and CEO - Arabian Centres Company
Previous role	Vice President of International Partners - San Francisco

Name	**Wassim Kabbara**
Qualification	Bachelor Degree in Commerce Montreal, Canada
Areas of expertise	Global director, Product partnership - YouTube
	Regional Sales Director - Google
	Strategy Associate - Strategy
Current role	Group Chief Operating Officer - Cenomi Group
Previous role	Global Director, Head of Product partnership - Instacart

Functions of the Executive Committee

In addition to the functions and roles of the Executive Committee stipulated in the Governance Regulations, the Committee may take any action conducive to realizing its goals and discharging its responsibilities, including the following:

1. Reviewing Company's strategic and operational plans and making comments and recommendations before being submitted the Board of Directors.
2. Reviewing feasibility studies of new investment projects and making recommendations.
3. Reviewing and initially approving the key issues that need to be decided by the Board of Directors.
4. Making decisions on issues referred to the Committee by the Board which fall outside the purview of the Company's Managing Director and the CEO. Such issues may include investments, human resources, compensations, IT, capital expenses, procurements and other issues within the limits of the Committee.
5. Setting the Company's investment Policies and objectives including:
    a. The assets eligible for investment in accordance with the applicable laws
    b. Determining the types of assets
    c. The long-term policies and objectives related to investments, risk tolerance levels, varied assets, investment currencies and choosing between domestic and international investment
    d. Identifying arrangements of investment managements and trusteeships
    e. Appointing and periodically assessing managers and trustees of investment portfolios
    f. Setting the mechanisms and periodic cycles of performance assessment.
    g. Approving investment operations of all types in line with the specific investment policy. The Committee may, within certain financial limits, delegate its approval powers to the CEO/CFO to exercise such powers jointly or separately
    h. Reviewing the Company's investment policy in light of performance assessment
    i. Evaluating investment outcomes to assess the feasibility of the executed investment strategies. The Committee presents a report to the Board of Directors on the investment outcomes and ensures that the investment policy and key guidelines are observed
6. Concluding short and long-term investment agreements, credit and loan agreements within the limits of its powers.
7. Following up on the implementation and development of the Company's organizational structures and making decisions that ensure speedy implementation and development.
8. Reviewing the administrative regulations with the Company's Management to make decisions that enable the Management to put such regulations into practice.
9. Communicating with senior officials in government and private sector to overcome difficulties encountering the Company's business and explain its programs to the officials.
10. Reviewing and following up the implementation of all the Company's projects, making decisions within the Committee's powers, discussing the obstacles encountered in implementing the various projects, clarifying their causes and how to address them, and recommending appropriate solutions to them.
11. Evaluating designs and technical specifications and making appropriate recommendations.
12. Making the appropriate decisions regarding the topics that the Board of Directors delegates to the Committee to discuss and review, and making the right decisions on them.

13. Taking any action that would advance Company's business and achieve its objectives within the rules, regulations and decisions issued by the Board.
14. Carrying out purchases and acquisitions of existing or future projects within its powers.
15. Studying the proposals submitted by the Company's Management in favor of achieving the Company's objectives or advancing its administrative, financial and operational work, and making decisions that enable the Executive Management to speed up implementation or submitting such proposals to the Board as the Committee deems necessary.
16. Carrying out the tasks referred to the Board or its Chairman for review or implementation.

12.9. Contracts in Which There Are Interests of Board Members and Senior Executives

The Company is an affiliate of Fawaz Abdul Aziz Al Hokair & Partners Group (the "Group"), and it is engaged in contracts with the Group companies. Such contracts include lease agreements for a number of shops with the Arabian Centers Company. Accordingly, the Company obtained competitive rental values for similar market prices in proportion to the Company's business volume in the Saudi market, in addition to its privileged locations in the finest commercial centres and malls in various parts of the Kingdom. The locations include Dhahran Mall, Khurais Plaza, Sahara Plaza Commercial Center, Al Salam Mall, Mall of Arabia, Al Nakheel Plaza Mall, Aziz Mall, Al Noor Mall and others.

In addition, there are contracts for establishing, equipping and modifying the decorations of the sales shops with Fawaz Abdulaziz Al Hokair & Partners Real Estate Company. By virtue of such contracts, the Company utilized the Group's experience in this field to ensure implementation at a level consistent with the requirements of international commercial agencies and speed of implementation. It is in the interest of the Company and in support of its activities to continue with these transactions.

During the fiscal year ending on 31/12/2022 AD, the transactions with related parties were as follows:

- An amount of SAR 262 million, the value of rents paid to Arabian Centers Company owned by FAS Holding Company, which is owned directly and indirectly by: Fawaz bin Abdulaziz Al Hokair, Salman bin Abdulaziz Al Hokair and Abdul Majeed bin Abdulaziz Al Hokair. At the end of the year, there were 538 new shops rented from Arabian Centers Company, as follows:

Total	Duration of the contract	Number of rented shops in the mall	City	Name of the mall
29	3 years	28	Medina	Al Noor Mall
	3.5 years	1		
28	3 years	27	Jeddah	Aziz Mall
	3.5 years	1		
18	3.5 years	14	Hofuf	Al Ahsa Mall
	5 years	3		
	10Years	1		
28	1 Year	1	Jeddah	Haifa Mall
	3 Years	23		
	8 Years	3		
	4.5 Years	1		
34	3 years	32	Taif	Jouri Mall
	3.5 Years	2		
21	1 Year	1	Jubail	Jubail Mall
	3.5 Years	2		
	3 Years	18		
1	3 Years	1	Riyadh	Khurais Plaza
29	3 Years	28	Makkah	Mecca Mall
	5 Years	1		
52	2.5 Years	1	Jeddah	Arab Mall
	3 Years	45		
	5 Years	2		
	7 Years	4		
48	2 Years	20	Dammam	Dhahran Complex
	2.5 Years	2		
	3 Years	19		
	3.5 Years	6		
	5 Years	1		
14	3 Years	14	Qassim	Al Nakheel Plaza
30	3 Years	9	Jeddah	Al Salaam Mall
	3.5 Years	19		
	5 Years	1		
	7 Years	1		
20	3 Years	18	Riyadh	Salam plaza
	3.5 Years	1		
	5 Years	1		
57	3 Years	52	Riyadh	Al Nakheel Mall
	3.5 Years	3		
	5 Years	2		
14	3 Years	11	Riyadh	Tala Mall
	3.5 Years	2		
	6.5 Years	1		
38	3 Years	37	Jeddah	Jasmine Mall
	8 Years	1		
42	5 Years	38	Dammam	Al Nakheel Mall
	3 Years	1		
	10 Years	3		
31	5 Years	1	Riyadh	Al Hamra Mall
	3 Years	30		
4	10 Years	1	Riyadh	U Walk
	3 Years	1		
	2.5 Years	1		
	5 Years	1		
		538		Total

Rents paid in favor of the Egyptian Centres Company owned by Fawaz Abdulaziz Al-Hokair, Salman Abdulaziz Al-Hokair and Abdul Majeed Abdulaziz Al-Hokair. The total number of shops rented from the Egyptian Centres Company in its own Mall of Arabia located in the 6th of October City in Cairo in the Arab Republic of Egypt is 13. The duration of the transaction is 1 year.

An amount of SAR 2.7 million, the value of printing and advertising costs, paid to Hagen Co., Ltd., in which FAS Holding Co. is a shareholder.

It should be noted that all these transactions were carried out considering competitive and fair prices. The balances due to the related companies as on 31/12/2023 AD was as follows (the figures are rounded):

The Company's name	Balance type	Balance as at 31/12/2023 (SAR million)	Balance as at 31/03/2022 (SAR million)
Arabian Centers Company	Debit/ Credit	(207.88)	(140.4)
Food and Entertainment	Debit/ Credit	14.63	14.63
Wonderful Meals Co. Ltd	Debit/ Credit	(10.73)	(16.00)
Hagen company Ltd.	Debit/ Credit	(0.36)	(0.897)
FAS Saudi Holding Co.	Debit/ Credit	--	422.8
AlFaridah Trading Agencies Ltd.	Debit/ Credit	16.79	12.00
Amwal Alkhaleej	Debit/ Credit	2.27	2.27

12.10. Board Members' Remuneration

The remuneration paid to members of the Board of Directors amounted to 1,650,000 Saudi riyals for the fiscal year ending on 12/31/2023 AD. Board members also received allowances for attending board meetings during the year, with a total of 235,000 Saudi riyals, amounting to 15,000 riyals as an attendance allowance for one session, in accordance with what was stipulated in the company's bylaws.

	Fixed Remuneration							Variable Remuneration					
	A specified amount	Allowance for attending Board sessions	Total allowance for attending Board sessions	In-kind benefits	Rewards for technical, administrative and advisory works	Remunerations of the Chairman, Managing Director, or Secretary, if they are members	Total	Percentage of profits	Regular rewards	Long term motivational plans	Shares Granted (Value is entered)	Total	Grand Total
1- Eid Faleh Al Shamry	200,000	30,000					230,000						230,000
2 Khaled Waleed Al-Shakhshir	200,000	30,000					230,000						230,000
3 Basem Abdullah Al-Salloum	200,000	30,000					230,000						230,000
4 Ahmed Saleh Al-Sultan	200,000	30,000					230,000						230,000
Total	800,000	120,000					920,000						920,000
1 Fawaz Abdul Aziz Al Hokair	200,000	15,000					215,000						215,000
2 Dr. Abdul Majeed Abdul Aziz Al Hokair	200,000	30,000					230,000						230,000
3- Omar Abdulaziz Al-Mohammadi	200,000	15,000					215,000						215,000
4- Mohamed Rafiq Murad	50,000	25,000					75,000						75,000
5- Abdul Majeed Abdullah Al-Basri	200,000	30,000					230,000						230,000
Total	850,000	115,000					965,000						965,000
Grand Total	1,650,000	235,000					1,885,000						1,885,000

12.11 Remuneration of Committee Members

	Fixed remuneration (except for the allowance for attending sessions)	Allowance for attending sessions	Total
Audit Committee members			
1- Dr. Suleiman Abdullah Al-Sukran	100,000	110,000	210,000
2- Eid Faleh Al Shamry	100,000	110,000	210,000
3- Saad Ibrahim Al-Mushawah	100,000	110,000	210,000
Total	300,000	330,000	630,000
Members of the Remuneration and Nomination Committee			
1- Khaled Waleed Al-Shakhshir	75,000	5,000	80,000
2- Omar Abdul-Aziz Al-Mohammadi	75,000	5,000	80,000
3- Abdul Majeed Abdullah Al-Basri	75,000	5,000	80,000
4- Mohamed Rafiq Murad	0	5,000	5,000
Total	225,000	20,000	245,000
Members of the Executive Committee			
1- Dr. Abdul Majeed Abdul Aziz Al Hokair	75,000	5,000	80,000
2- Omar Abdul-Aziz Al-Mohammadi	75,000		75,000
3- Abdul Majeed Abdullah Al-Basri	75,000	5,000	80,000
4- Mohamed Rafiq Murad	18,750	5,000	23,750
Total	243,750	15,000	258,750

12.12. Waiver of Rights to Salary, Compensation or Profits

The Company did not receive any waivers from any of the Shareholders, Senior Executives or members of the Company's Board of Directors regarding any of their rights, whether in profits, salaries or compensation.

12.13. Salaries, Remuneration and Compensation of Senior Executives

During the period of their tenure in their current positions during the fiscal year ending on 12/31/2023, the five senior executives (including the CFO and the CEO) who are not members of the Board of Directors received salaries, bonuses, and compensation according to the following table:

	Fixed rewards				Variable rewards							
	Payroll	Allowances	In-kind benefits	Total	Regular rewards	Earnings	Short term incentive plans	Granted Shares (Value is entered)	Total	End of service gratuity	Total executive remuneration for the Board, if any	Total summation
Total	9,562,875.00	3,227,631.26		12,790,506.3	2,187,262.00				2,187,262.00			14,977,768.26

12.14 Experience and Qualifications of Senior Executives

Name	**Gunther Helm**
Qualification	Phd in law
	Master in law
Areas of expertise	20 years of experience in the global retail sector
	He spent 16 years in leadership positions with Hoover KG and Aldi
Current role	CEO
Previous role	CEO - Muller Holding Company

Name	**Ahmed Belbeisi**
Qualification	CMA
	CFM
Areas of expertise	15 years of experience in retail sales
Current role	Chief Finance officer
Previous role	General Manager of Financial Affairs

Name	**Salim Fakhori**
Qualification	Master of Business Administration
	Accounting and Auditing Diploma
	Executive Management Program / Business Administration
Areas of expertise	20 years of experience in apparel and finance
Current role	Chief Commercial officer
Previous role	Chief of Fashion Sector in Azadea Holding Group

Name	**Faisal Younes**
Qualification	Bachelor of Science -Business Management
Areas of expertise	Managing Partner & Board Member - Café Younes
	Board of Directors - Eathos LTD (DIFC)
	President F&B - Azadea Holding Group
	Regional Manager - Starbucks Coffee - Alshaya
Current role	CEO - Food & Beverage
Previous role	CEO - Eathos LTD, DIFC

Name	**Moneer Brembali**
Qualification	Bachelor of Science
	Master in Business Administration
Areas of expertise	More than 20 years of experience in human resources management
Current role	Chief Human Capital officer
Previous role	Chief Human Capital officer - Emaar Economic City

12.15 The relationship between the remuneration granted to members of the Board of Directors and Executive Management and the applicable remuneration policy, and statement of any material deviation from this policy

Remunerations are disbursed to members of the Board of Directors, members of the sub-committees and Senior Executives in accordance with the regulatory controls approved by the Board of Directors and as stipulated in the Company's Articles of Association approved by the General Assembly, as well as the remuneration policy based on the recommendation of the Remuneration and Nomination Committee.

12.16 Zakat and Income Tax

The Company has filed its zakat returns with ZATCA for all years up to and including the year ended 31 December 2022. The zakat returns from year 31 March 2015 to 31 March 2022 are under review of ZATCA. The Company finalized zakat assessment for the year 31 March 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

Tax position of foreign subsidiaries

The income tax returns for subsidiaries in Egypt, Azerbaijan and Georgia Countries have been filed for all years until 31 December 2023 and for Jordan subsidiaries have been filed for all the years until 31 December 2022. For Kazakhstan and Armenia, the income tax returns have been filed up to 31 December 2022.

At the end of the fiscal year ending on 31/12/2023 AD, the Company formed a provision of SAR 31.2 million in order to meet the Zakat until the fiscal year ending on 31/12/2023 AD. The transactions conducted on the provision for Sharia Zakat and income tax during the fiscal year ending on 31/12/2023 AD are as follows:

Movement of provision for Zakat and income tax	Legal Zakat	Income tax	Custom	Total Zakat and income tax
Allocated balance on 1/1/2023	38,367,707	7,763,182	24,354,580	70,485,469
Allocated for the fiscal period ending on 31/12/2023	6,960,204	17,498,841	--	24,459,045
Paid during the fiscal period ending 31/12/2023	-8,935,643	-23,739,813	--	-32,675,456
Changes in estimates of zakat related to prior years	24,307,542		--	24,307,542
Other liabilities			--	
Provision balance on 31/12/2023	60,699,810	1,522,210	24,354,580	86,576,600

Based on the Company's management estimates, the provision for Sharia Zakat and income tax is sufficient for the fiscal period ending on 31/12/2022 AD.

12.17. Investments and reserves created for the benefit of employees

There are no investments or reserves created for the benefit of employees, except for those prescribed by the labor system in the Kingdom of Saudi Arabia.

12.18. Acknowledgments of the Board of Directors

- That the account records are properly prepared.
- The internal controls were prepared on sound foundations and implemented effectively. (Some observations related to internal control were mentioned in the opinion of the Audit Committee on Internal Control)
- There is no doubt about the issuer's ability to continue its activity.
- The Company's consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants, as well as international accounting standards.
- The Company or its subsidiaries have not issued any securities such as option shares or rights that can be converted into shares (convertible debentures).
- There are no voting shares.
- There are no outstanding loans during the year.
- There are no loans for any of the members of the Board of Directors.
- The Company has not concluded any transaction related to its shares.
- There were no transactions in the Company's shares with any member of the Board of Directors, or any member of their families other than those mentioned previously.
- The Company has not received any waiver of rights from any shareholder in the Company.
- There are no investments or other reserves created for the benefit of the Company's employees.
- Board Members and Senior Executives of the Company do not have any rights or interests in the Company, except for the aforementioned transactions with related companies.

12.19 Penalties and Fines

No fine was imposed on the Company for the year ending on 31/12/2023.

12.20 Board of Directors Proposals

- Approving the discharge of members of the Board of Directors from liability for the fiscal year ending on 31/12/2022
- Approval of appointing the External auditor nominated by the Audit Committee to review the financial statements for the fiscal year from 01/01/2023 to 31/12/2023 and the quarterly financial statements and determining its fees.

12.21 Auditor's Report

Material uncertainty related to going concern

We draw attention to Note (2-2) of the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of SR 1,113 million for the year ended 31 December 2023, and as of that date it recorded accumulated losses of SR 1,404 million. In addition, the Group's current liabilities exceeded its current assets by SR 3,054 million as of 31 December 2023. These events or conditions, along with other matters as set forth in details in Note (2-2) of the accompanying consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The Companies' Law requires that the auditor includes in the audit report what might come to their attention with respect to non-compliance of the terms of the Companies' Law or the terms of the Company's Bylaws. During the course of our audit of the consolidated financial statements, we have noted the following non-compliance of the Companies' Law, having no material impact over the consolidated financial statements:

- The accumulated losses exceeded half of the issued share capital. In accordance with article (132) of the Companies' Law, the Board of Directors shall, within 60 days from the date of their knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

The Board of Directors did not invite shareholders to hold this meeting until the date of issuance of consolidated financial statements.

13. Corporate Governance and Internal Control System

13.1 Corporate Governance

The Company continuously works to apply the best practices of governance that protect the rights of shareholders and stakeholders. The Company's Board of Directors has set its priorities, at the top of which are listing the Company's shares for trading in the financial market in the fiscal year 2006-2007, and establishing and implementing a corporate governance system that complies with the requirements of the corporate governance regulations issued for the Board of the Capital Market Authority.

The Company's successive Boards of Directors have taken numerous measures and issued several policies in accordance with the supervisory framework and the rules of transparency and disclosure contained in the Corporate Governance Regulations issued by the Authority. The measures and policies are:

Fiscal year	Corporate governance activities
2006/2007	Beginning in the fiscal year 2006/2007, several policies were approved and a number of measures were taken to meet the requirements of the corporate governance regulations, the most important of which were the following: 1. Issuing the general financial policies guide for all the Company's main business cycles and training all concerned employees thereon. 2. Issuing job and professional conduct rules for the Company's employees. 3. Reorganizing the Company's Internal Audit Department in accordance with internationally recognized professional rules. 4. Conducting an introductory course on the internal controls for all executives in the Company's financial affairs. 5. Preparing a financial regulation to delegate the powers and authorities to the management of the Company.
2007/2008	In October 2007, the Company completed the issuance of several regulations aimed at implementing the requirements of governance, as follows: 1. The rules for forming the Audit, and Nomination and Remuneration Committees. 2. Shareholders' Rights Policy Regulations and the General Assembly. 3. A regulation of disclosure and transparency policy and procedures. 4. Bylaws of the Board of Directors. 5. Conflict of interest policy for members of the Board of Directors and shareholders.

Fiscal year	Corporate governance activities
2011/2012	Assessment conducted by the consulting office "Deloitte – Bakr Abu al-Khair and Partners" of the application of corporate governance in the Company, and reviewing the quality of performance of the Company's internal audit department. Desiring to abide by all the articles of the corporate governance regulations issued by the Authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company's Board of Directors assigned Deloitte – Bakr Abu Al-Khair & Partners ("the Consultant") the task of evaluating the application of governance in the Company, the effectiveness of the arrangements adopted by the Company in this context, in accordance with the regulations and instructions issued by the Authority, and the best practices adopted by the leading international bodies in the field of corporate governance, including the New York Stock Exchange and the Nasdaq Stock Exchange in the United States of America. In addition, the Consultant was tasked with reviewing the quality of performance of the Company's internal audit department, and the Consultant's report concluded that: The Company is highly compliant with the requirements of the corporate governance rules issued by the Authority, but needs to improve a number of aspects to be consistent with the leading international practices in corporate governance. The performance of the Company's Internal Audit Department conforms to the general requirements of professional performance standards issued by the Institute of Internal Auditors in the United States of America, and it is considered one of the best internal audit departments in the Middle East. The Chairman of the Board of the Capital Market Authority and Chief Executive Officer at the time were informed of the results of the Consultant's work in a meeting in March 2012. During the meeting, Dr. Abdul Majeed Al Hokair, Managing Director of the Company, expressed his happiness with the results attained by the Company in the field of governance application. At the same time, Dr. Abdul Majeed Al Hokair emphasized that the Company's Board of Directors is keen to spare no effort and to move forward in developing and implementing a program for continuous improvement of the Company's governance and its control environment, and to be among the leading companies in the Kingdom in the field of corporate governance.
2012/2013	During the fiscal year 2012/2013, the Company embarked on a full review of all work manuals, policies, regulations and procedures it issued in the field of governance with the aim of improving all aspects highlighted by the Consultant's report. This considered the articles of the corporate governance regulations, the application of which was mandated by the Board of the Capital Market Authority during the 2 years ending in 2012 and 2013. Consequently, the Company issued, during the fiscal year 2012/2013, the revised version of its governance guides and policies, which included the following: 1. Corporate Governance Manual — 5. Board of Directors' work guide 2. Shareholders Guide — 6. Conflict of interest policy for Board Members, employees, and shareholders 3. The Code of Conduct and Professional Conduct for Company Employees — 7. Insider trading policy 4. The Company's social responsibility policy — 8. Policies, standards and procedures for membership in the Board of Directors, which were approved by the Company's General Assembly in its session on 3/25/2013 AD
2013/2014	In accordance with the provisions of Paragraph (C) of the Corporate Governance Regulations issued by the Authority, which stipulates setting up a "governance system for the company – in a manner that does not conflict with the provisions of this regulation – and general supervision thereof, monitoring its effectiveness and amending it when needed," which was issued by the Authority's Board Resolution No. (3- 40-2012) and dated 17/2/1434 AH corresponding to 30/12/2012 AD, obligating companies whose shares are listed in the Saudi Stock Exchange (Tadawul) starting from 30/6/2013 AD. The Company has developed its own governance system, including a framework. The system was approved by the Company's General Assembly in its session held on 16/7/2013 AD, after being approved by the Company's Board of Directors. A copy of system was delivered to the Authority on 30/6/2013 AD. The Company's corporate governance system works as follows: 1. The organizational structure of corporate governance — 2) The main principles of the corporate governance system 3. Disclosure and transparency policy — 4) Board of Directors' work guide 5. Policy and procedures for membership in the Board of Directors — 6) Board committees 7. Code of work ethics and conduct — 8) Policy of regulating conflict of interest 9. Insider trading policy — 10. Shareholders Guide 11. The Company's social contribution policy — 12. Mechanisms for evaluating the effectiveness of job performance, in order to evaluate the effectiveness of the performance of each of the members of the Board of Directors and its committees on a regular basis, as one of the basic principles on which the corporate governance system is based.
2014/2015	In the context of ensuring a full understanding of the requirements of its governance system, and ensuring the safety of its practices, the Company organized, during the fiscal year, a number of workshops for the Company's executive managers and members of the Board of Directors, in order to introduce the practical framework of its governance system, and its alignment with the strategic visions of the Board of Directors. Additionally, this ensures its practical application in a comprehensive and accurate manner. The charter of functional and professional conduct for the Company's employees was also reviewed and redistributed to the employees, in addition to reviewing the financial regulations for delegating powers and authorities and distributing them to the Company's management to help employees discharge their duties.

2015/2016	Within the framework of the Company's plans to strengthen and develop mechanisms for the continuous review of its governance system, with the aim of keeping pace with all corporate governance provisions issued by the Authority, and maintains its efficiency and effectiveness in light of all developments and developments in the Company's internal and external work environment. The Company contracted with a strategy consultant to implement a project for the transformation and strategic rearrangement of the Company's various functions and the development of a new operating system, which includes a review of policies and procedures, structures of delegation of powers and authorities, and the development of the Company's governance system.
2016/2017	Completing the project of transformation and strategic rearrangement of the Company's various functions, developing the operating system, policies and procedures, delegating powers and authority structures, and developing the governance system for the Board of Directors and Executive Management. On 21/07/1438 AH corresponding to 18/04/2017 AD, the Company's articles of association were amended to agree with the joint stock Companies System Model issued by Ministerial Resolution No. 18379 dated 01/06/1437 AH, in accordance with the requirements of Article 224 of the Companies Law, and approval of the formation of the Audit Committee, its duties and controls, and the remuneration of its members.
2017/2018	The project of transformation and strategic rearrangement of the Company's various functions has been completed, and its operating system has been developed and implemented. The Company has also made great strides in updating its governance policies and guide to keep pace with all the amendments and developments in both the corporate system issued by Royal Decree No. M/3 dated 28/01/1437 AH, and the revised Corporate Governance Regulations issued by the Authority's Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/02/2017 AD, based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH.
2018/2019	During the year 2018/2019, the Company reviewed its governance guide and policies in accordance with the Saudi Companies Law, the rules for offering securities and continuing obligations, and the amended corporate governance regulation issued by the decision of the Board of the Capital Market Authority No. 3-45-2018 dated 07/08/1439 AH corresponding to 23/04/2018 AD. The Company also identified all the paragraphs that need to be updated in accordance with these amendments, and updated them for approval and practical application.
2019/2020	Approval of the amendments to the corporate governance guide and policies, and the evaluation carried out by the Protiviti, the consulting company, of the performance of the internal audit department. During the fiscal year 2019/2020, the Company approved amendments to its governance guide and policies, with regard to disclosing financial information, providing the authority and announcing to shareholders the initial and annual financial statements to comply with the Saudi Companies Law, amendments to the rules for offering securities and continuing obligations, and the corporate governance regulation issued by the Capital Market Authority to be appropriate for implementation. Protiviti was also contracted to review the quality of the performance of the Company's Internal Audit Department. The initial general evaluation found that "the Company's internal audit generally conforms to the standards of the Institute of Internal Auditors, with a number of opportunities for improvement in relation to compliance with some standards."
2020/2021	The final evaluation of the consulting office, Protiviti, of the quality of performance of the Internal Audit Department of the Company, and the application of the proposed improvements Desiring to abide by all the articles of the corporate governance regulations issued by the Authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company's Board of Directors assigned Protiviti with the task of reviewing the quality of performance of the Company's Internal Audit Department, and the final report was completed. The Consultant report identified opportunities for continuous improvement in the work of the Company's Internal Audit Department, in a way that contributes to enhancing the quality of its performance in the following areas: 1. Comprehensive risk assessment and internal audit planning 2. Implementation of operations/stores audit 3. Enhancing the scope of the corporate governance audit 4. Enterprise risk assessment and risk management 5. Internal audit at the management team and competency level 6. Strengthening the process of planning participation and implementation 7. Internal audit reports 8. The organizational independence of the Internal Audit Department The Audit Committee directed the immediate implementation of all aspects of improving the quality of the performance of the Company's Internal Audit Department, and the periodic follow-up of its implementation.
2021/2022	During the fiscal year 2021/2022, the Company aims to periodically review the Company's governance applications and practices, verify compliance with all corporate governance rules and the ongoing commitments issued by the Capital Market Authority, and follow up on the implementation of the improvements proposed by Protiviti. The objective is to enhance the quality of the Internal Audit Department's performance. The Company further seeks to enhance compliance with the professional framework of performing internal audit tasks, as issued by the International Institute of Internal Auditors. The Company continuously follows up on any future amendments to the relevant laws and regulations issued by legal authorities, especially those that may require amending the Company's governance guide and policy of compliance. Further, it follows up on the implementation of procedures that ensure agreement with the guiding rules contained in the Corporate Governance Regulation issued by the Authority.

2021/2022 The Company has revised and updated its governance regulations and policies in accordance with the amendments made by the supervisory authorities and in line with the best national and international practices. Exercising its authorities as per the Corporate Governance Regulation issued by the Capital Market Authority, the Board approved amendments to the following regulations and policies:

1. Company's governance regulations
2. Executive Committee's work regulations
3. Policy and procedures for membership in the Board of Directors
4. Dividend payment policy
5. Stakeholder relations policy
6. Code of Professional Conduct
7. Insider trading policy
8. Conflict of interest policy
9. Disclosure policy and procedures

The Board of Directors made a recommendation to the General Assembly to approve the governance policy amendments in accordance with the powers vested in the Assembly as stipulated by the Corporate Governance Regulation issued by the Capital Market Authority. The amendments include:

1. Audit Department work regulation
2. Nomination and Award Committee work regulation
3. Policy of remunerations for members of the Board, its subcommittees and Executive Management
4. Policy, standards and procedures of the Board membership
5. Policy of competition for Board members

13.2 Applying the provisions of the Corporate Governance Regulations

In accordance with the requirements of Article 90 Paragraph (1) of the Board of Directors' Report of the Corporate Governance Regulation, the Company has implemented all the articles, except for the articles shown in the following table:

Article	Paragraph	Obligatory/ optional	Execution position	Causes and company procedures
Article 37: Training	2	Optional	Not applicable	Work is currently underway to put the necessary mechanisms in place for the members of the Board of Directors and the Executive Management to receive continuous training programs and courses in order to develop their skills and knowledge in areas related to the Company's activities.
Article 39: Evaluation	All paragraphs	Optional	Not applicable	The necessary mechanisms are currently being arranged to evaluate the performance of the Board, its members, committees, and Executive Management annually. This is to develop appropriate performance measurement indicators related to the extent to which the Company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems, etc. The strengths and weaknesses shall be identified and a proposal will be developed to address them in line with the Company's interest.
Article 67: Formation of a Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 68: Functions of the Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 69: Meetings of the Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 82: Motivating employees	All paragraphs	Optional		An optional article and its application will be decided soon.
Article 85: Social Action Initiatives	All paragraphs	Optional		An optional article and its application will be decided soon.

Annual review of the effectiveness of control procedures

As a result of the efforts of the Audit Committee at both the company level and its subsidiaries, the annual review of internal control procedures selected for testing during the fiscal year ended December 31, 2023, by the committee, internal audit, as well as external audit reports, indicate that the executive management has initiated a corrective plan for some important issues highlighted in the previous committee report, including the following:

- Collecting outstanding balances owed for years from related parties, Cenomi Group and Lynx Company.
- Working on implementing recommendations from the internal audit to enhance internal control systems as outlined in the periodic follow-up report provided by Crowe (the internal audit service provider).
- Developing the policies, procedures, organizational structure, and authority matrix by PwC to enhance internal control systems and governance within the company.

- Implementation of a Data Lake program to address issues related to data integration between Inditex brands' sales software and Oracle program implemented in the company.

The committee observes that the procedures of internal control, risks, governance, and activities related to some critical operations require further development, such as inventory operations (including inventory counting, allocation calculation, inventory write-off, and clearance inventory sales), fixed assets, financial reporting, information system applications, sales operations, and international subsidiaries outside the Kingdom.

The committee received the final report regarding the the forensics investigation in the reasons of Inditex inventory shrinkage (for the previous financial periods from March 31, 2015 to December 31, 2022) from Deloitte on February 3, 2024. The investigation results outlined in the report indicated that the shrinkage of Inditex inventory resulted from fundamental weaknesses in internal contros, information systems, and inventory management operations, which lead to four main issues: Firstly, inventory write-ons recorded and not reversed; Secondly, inadequate inventory write-off adjustments; Thirdly, manipulation of physical count records and the lack of sharing accurate inventory count results with the external auditor; Fourthly, impairment of stock transferred to 2GO, Iran and Iraq. The report was shared with the board of directors to direct the company's management in taking the necessary actions regarding the issues outlined in the report.

The committee recommended to the board of directors and the executive management to actively work on developing and improving internal controls, risks, and governance procedures in order to enhance performance, achieve company goals, and protect the rights of shareholders.

The committee also recommended establishing an independent risk committee.

Hiring Saudi Nationals and the Social Contribution Program

Hiring Saudi national and Train them thru Learning & Development (L&D) one of the major areas that the company emphasize on ,to ensure that Vision 2030 applied to build the Kingdom's prosperous and bright future through a vibrant society.

Learning & Development (L&D) is both a formal systematic process and informal personal endeavor. Development begins on employee's first day at work and continues until their employment is complete. The Company provide the tools and opportunities to make it happen.

Comapny's approach to learning and development is primarily competency based. Therefore, competency differences identified that will be translated into learning objectives in a form of a plan for closure through various development activities.

Development Activities

- There are many different types of activities that contribute to employee's development and employees are encouraged to consider the range of opportunities available to them. All the training activities were customized for the company need.
- Development activities have a consistent feature, which is a 70:20:10 on the overall development split emphasizing a competency-based and self-driven blended learning & development approach; providing real development experiences on-the-job (70%), supplemented by mentoring and self-study (20%) and classroom training and formal educational events (10%).
- The percentage of the employees that get benefits from the training activities more than 90% .

On-the-Job

- Development activities towards On-the-Job-Learning (OJL) activities.
- OJL is individual training that is conducted on the actual job under the supervision of a skilled employee who verify that the required learning outcome has been met.
- This type of training were funded from Tawteen program since we provide the required OJT training .

Mentoring and Self-Study

- A two-way communication avenue between less and more experienced employee is believed to be an effective approach to inspire personal and functional development, career growth and innovation as well as enhancing motivation and productivity.

Classroom Training and Formal Educational Events

Classroom training to supplement the E-learning training activities and will be mostly were delivered in-house.

All formal training activities have pre and post discussion/evaluation.

Performance Management

The performance management program is the Company response to the need to plan, manage and review employee performance which must result in improved business outcomes. It is underpinned by clear, direct and regular two-way communication between appraiser and appraisee.

Purpose :

- To ensure a proper governance mechanism is in place for yearly performance review of all employees.
- To make thorough, objective and factual appraisals of the performance and progress of employees; with a high level of transparency and fairness, record essential information concerning the performance level and achievements.
- To ensure that employees are clear about company's priorities and to align performance plans with company's strategic plan to the extent practical.
- To encourage appraisees to learn and improve from regular positive or constructive feedback.
- To achieve maximum utilization of all employees and to motivate each to seek ways to improve

Development Model

Competency Assessment

- Competency Assessment exercise were determine employees' knowledge, skills and abilities against competency requirements in order to identify and recognize strengths and areas for development.
- Employee were assessed against the specific competencies required for the next higher job within the career path.
- Each job in the career path mapped against series of competencies and the specific level for each competency along with the development activities for each.
- The competency manual serve as a clear indicator of what is expected from the employee for each job.

Individual Development Plan

- Each employee had a unique tailored plan focused towards the development of the identified gaps to be in a position to potentially progress to the next higher job in the career path.
- The plan capture the learning objectives required to fulfill employee's competency gaps.
- All development activities included in the plan selected from the training catalogue.

Training Catalogue

- Training Catalogue were prepared annually based on the learning objectives indicated by employee's in their development focus.

Core Training

- Company has established core training that are relevant to the business but not specific to a competency.
- Depending on the job, employee take certain training such as Sales and POS training, Oracle related training etc.

Establish Cenomi Academy

The Cenomi Academy will become the premier destination for retail training and development in the Kingdom of Saudi Arabia. The Academy has been developed in partnership with the Technical and Vocational Training Corporation (TVTC), supporting and enhancing the Saudi Retail industry, aligned to Vision 2030. The Cenomi Academy will provide excellence in training for retail professionals and retailers across the Kingdom. The Cenomi Academy will help develop competencies and leadership skills to enhance career paths through state-of-the-art training facilities and interactive training experiences. Continually changing consumer needs requires up-to-date skills and knowledge and the Cenomi Academy is perfectly placed to deliver this.The Cenomi Academy will offer a range of different training programs with specific assessment criteria, managed by experienced staff.

We are very keen to support the Saudi vision 2030 goal in developing and hiring Saudi nationals.by the academy programs .Therefore, part of our program to focus on hiring and developing 500-1000 yearly of Saudi who have completed high school and wish to enroll on a vocational program to get the on-job experience and progress via that route. We aim to have a Saudi Work force of 100% across various roles and levels by 2030.

This year by November 2023 we had sign the agreement with HRDF to fund the cost of training and the monthly incentives up to 50% from total salaries,this agreement will support the academy to train and hire from day one 800 trainees from job seeker to be hired in cenomi retail company as part of the social responsibility of cenomi retail to participate in vision 2030 by developing the Saudi youth to lead the retail sector with high qualification .

All programs offered by the academy are accredited by Technical and Vocational Training Corporation (TVTC) and City & Guilds.

For The assessment center accredited by Cambridge University Press & Assessment .

The programs that offered by the academy as below :

- Retail Sales Representative Diploma.
- Retail Store Manager Diploma.
- Retail Area Manager Diploma.
- Brand Manager Diploma.

Program Duration

24 Months (Classroom training, Interactive training, On job training.

Currently the academy start enrolling the job seekers by December 2023 to the academy and we cover around 25% from the target number for first batch with the following incentives by Cenomi retail :

1. Monthly salary
2. Medical insurance
3. Sales incentives .
4. Register in GOSI
5. Training or 24 month free of cost by the job seeker as the company cover 25% of the training cost as part of the company social responsibility and HRDF cover the remaining percentage 75%.

14. The competing business with the company or any of its activities that any member of the board of directors engaging in

Company name	Board Member	Board member position in the competing company	Description of the competing company	Nurure Of competing business	Ownership percentage of the member
Majd Alaamal Group	Abdulmajid Abdulaziz Alhokair (Non-executive board member)	Partner	Majd Alaamal is a group working in multiple sectors (restaurants, financial investments, real estate and contracting)	Food & Beverage	50%

15. General Assembly of the Shareholders

The Company held Tow General Assembly meetings during the fiscal year started on 01 January to 31 December 2023.

The following table describes the date of the meeting and names of the Board members who attended:

Date of the meeting	Attendance by the members of the Board of Directors	Remarks
First meeting	Dr. Abdul Majeed Abdul Aziz Al Hokair	
	Abdul Majeed Abdullah Al-Basri	
22/06/2023	Khaled Walid Al-Shakhshir	
Ordinary	Mohammed Rafic Mourad	
	Ahmed Saleh Al-Sultan	
	Bassem Abdullah Al-Salloum	
	Eid Faleh Al Shamry	
Second meeting	Dr. Abdul Majeed Abdul Aziz Al Hokair	
	Abdul Majeed Abdullah Al-Basri	
10/08/2023	Mohammed Rafic Mourad	
Ordinary	Ahmed Saleh Al-Sultan	
	Bassem Abdullah Al-Salloum	

16. Shareholder Register Requests

The Company requested the shareholders' register 11 times during the fiscal year for the period from 1 January to 31 December 2023, the details of which are as follows:

Serial number	The date of request	Reason for requests
1	11/05/2023	Corporate Actions
2	11/05/2023	Corporate Actions
3	11/06/2023	General Assembly
4	01/07/2023	Corporate Actions
5	20/07/2023	General Assembly
6	16/08/2023	Corporate Actions
7	07/09/2023	Corporate Actions
8	11/09/2023	Corporate Actions
9	01/10/2023	Corporate Actions
10	06/11/2023	Corporate Actions
11	05/12/2023	Corporate Actions

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Fawaz Abdulaziz Al Hokair & Company

A Saudi Joint Stock Company

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fawaz Abdulaziz Al Hokair & Company (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the 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 material accounting policy information.

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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA")

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note (2-2) of the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of SR 1,113 million for the year ended 31 December 2023, and as of that date it recorded accumulated losses of SR 1,404 million. In addition, the Group's current liabilities exceeded its current assets by SR 3,054 million as of 31 December 2023. These events or conditions, along with other matters as set forth in details in Note (2-2) of the accompanying consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company) (continued)

Key audit matters (continued)

key audit matters include the following:

Key audit matter	***How the key audit matter was addressed in our audit***
Inventories	
As of 31 December 2023, the Group's net inventories balance in the consolidated financial statements amounted to SR 794 million (2022: SR 1 billion), inventory write-down provision amounted to SR 34 million (2022: SR 348 million), and the write-off in inventories amounted to SR 426 million (2022: SR 17 million). Inventories are stated at the lower of cost and net realizable value. The Group, where necessary, record an allowance for obsolete and slow- moving inventories which is determined by considering the age of inventories as well as seasonal trends of the business. We considered this as a key audit matter due to the significance of the inventory, its existence and the material judgments applied by Management in determining obsolete, slow-moving inventories and the level of inventories write down required based on net realizable value.	Our audit procedures related existence of inventory and its valuation, included among others, the following: • Assessment of the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant IFRS accounting standards. • Assessment of the design and implementation, and testing the operating effectiveness of the key controls relating to Group's processes over inventory count performed by Management during the year for certain stores; • Obtain inventory physical count results from Management to evaluate the inventory provision, based on actual shrinkage identified during the count. In addition, to evaluate inventory count processes, we attended the actual physical counts for a sample of stores to ensure the accuracy of the executed inventory count processes for certain samples. • Assessment of the design and implementation of the key controls relating to Group's processes over determination of inventory provisions based on inventory ageing analysis. • Involvement of our information technology specialists to test the accuracy & completeness of the inventories' ageing report used by Management in its determination of inventory provision; • Test the net realizable value of inventories by examining the sales subsequent to year-end, on sample basis, and compare net realizable value for the selected samples with the carrying value of inventories to determine the appropriateness of the associated provision; • Evaluation of the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards.
Refer to significant judgements and estimates applied by the Group and related to inventories in note (5-B), material accounting policy information of the same matter (6-H), and other related inventory disclosures in note (12) of the accompanying consolidated financial statements.	

Independent auditor's report to the shareholders of Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company) (continued)

Key audit matters (continued)

Impairment of goodwill	
As of 31 December 2023, the Group's goodwill balance in the consolidated financial statements amounted to SR 556 million (2022: SR 926 million), while the goodwill impairment charge amounted to SR 370 million. The goodwill comprises a group of cash generating units as follows: Nesk Trading Projects Ltd Company, Food Gate Ltd Company, Wahba Trading Ltd Company, and Innovative Union Ltd Company. Goodwill is stated at cost acquired, and is tested annually for possible impairment as a result of its indefinite useful life. We considered this as a key audit matter due to the significant estimates and judgements applied by Management about the main assumptions related to the future cash flows of the underlying businesses as well as the discount rates applied to derive the associated net present values.	Our audit procedures related to impairment of goodwill, included among others, the following: • Obtain all impairment test models for each goodwill resulting from the various cash-generating units in the Group that were prepared by Management. • Involvement of internal experts to assist in evaluating assumptions and inputs used in goodwill impairment testing models. • Assessment of the reasonableness of the business plan by comparing the implicit growth rates to the market and analysts' forecasts. • Assessment of the extent to which Management has reflected the result from the comparison of budgeted versus actual numbers in its current assessment and adjusted the actual revenue growth rates and operating margins in this year's models • Comparison of the models' inputs, such as the weighted average cost of capital, the long-term growth rate and other assumptions with observable market data. • Ensuring that the recoverable amounts calculations are based on the latest business plans. Also, Management follows a clearly documented process for estimating future cash flows covers the period from 2024 to 2028. • Performance of comprehensive sensitivity analysis testing over the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired. • Evaluation of the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards
Refer to significant judgements and estimates applied by the Group and related to the impairment of goodwill in note (5-B), material accounting policy information of the same matter (6-F.i), and other related goodwill disclosures in note (8) of the accompanying consolidated financial statements.	

Other matters

- As described in note (33) to the accompanying consolidated financial statements of the Group, the consolidated financial statements as at and for the period ended 31 March 2022 have been restated.
- The supplementary information included in Annex (1) has neither been audited nor reviewed. Accordingly, we do not express an opinion, conclusion or any other form of assurance on such information.

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Independent auditor's report to the shareholders of Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company) (continued)

Other information

Other information consists of the information included in the Group's annual report for the year ended 31 December 2023, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information included in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, when it is available to us, if we discover that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and Those Charged with Governance ("TCWG") for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies 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, the Board of Directors, 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.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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.

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Independent auditor's report to the shareholders of Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies' Law requires that the auditor includes in the audit report what might come to their attention with respect to non-compliance of the terms of the Companies' Law or the terms of the Company's Bylaws. During the course of our audit of the consolidated financial statements, we have noted the following non-compliance of the Companies' Law, having no material impact over the consolidated financial statements:

- The accumulated losses exceeded half of the issued share capital. In accordance with article (132) of the Companies' Law, the Board of Directors shall, within 60 days from the date of their knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

The Board of Directors did not invite shareholders to hold this meeting until the date of issuance of consolidated financial statements.

For BDO Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
License No. 362

Riyadh on 5 Shawwal 1445H
Corresponding to: 14 April 2024G

Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)
Consolidated statement of financial position
As of 31 December 2023

	Notes	31-Dec 2023	31-Dec 2022 *Restated*	1-April 2022 *Restated*
Assets				
Property and equipment	7A	**1,149,972,559**	1,324,328,435	1,358,326,395
Right-of-use assets	27A	**2,044,680,531**	2,347,145,129	2,397,403,965
Goodwill and intangible assets	8A	**755,769,637**	1,120,845,679	1,083,033,024
Investment property	9	**1,264,800**	1,387,200	1,509,600
Equity accounted investments	10	**64,828,779**	62,139,303	62,024,793
Other investments	11	**74,189,014**	314,247,541	299,690,686
Derivative assets	28	-	35,127,274	29,616,914
Non-current assets		**4,090,705,320**	5,205,220,561	5,231,605,377
Inventories	12	**793,514,780**	1,000,279,166	1,395,081,129
Advances, deposits and other receivables	13	**302,375,326**	718,198,081	474,615,226
Prepayments	14	**25,799,402**	35,446,157	63,637,597
Cash and cash equivalents	15	**235,247,382**	193,825,276	197,887,745
Current assets		**1,356,936,890**	1,947,748,680	2,131,221,697
Assets held for sale	35	**309,981,001**	-	-
Total assets		**5,757,623,211**	7,152,969,241	7,362,827,074
Equity				
Share capital	20A	**1,147,664,480**	1,147,664,480	2,100,000,000
Regulatory reserve	20B	-	-	-
Foreign currency translation reserve		**(564,513,223)**	(524,088,331)	(519,515,816)
Fair value reserve		**42,076,481**	42,076,481	12,949,544
Accumulated losses		**(1,403,902,766)**	(227,584,785)	(1,282,187,183)
Equity attributable to the shareholders of the Company		**(778,675,028)**	438,067,845	311,246,545
Non-controlling interests	26	**(27,631,180)**	(92,125,951)	(107,079,020)
Total equity		**(806,306,208)**	345,941,894	204,167,525
Liabilities				
Loans and borrowings	16	**208,526,542**	115,000,000	-
Lease liabilities	27B	**1,555,503,936**	1,902,942,779	1,989,348,104
Derivative liabilities	28	**31,600,110**	-	-
Employees' benefits	18A	**89,333,116**	95,948,028	102,988,787
Non-current liabilities		**1,884,963,704**	2,113,890,807	2,092,336,891
Loans and borrowings – current portion	16	**2,298,244,234**	2,817,367,738	2,877,891,969
Lease liabilities – current portion	27B	**578,755,711**	499,010,160	472,752,600
Trade and other payables	17	**1,400,086,598**	1,256,515,069	1,575,188,768
Bank's overdraft	15	**47,105,695**	49,758,105	50,119,035
Zakat and tax liabilities	19	**86,576,599**	70,485,468	90,370,286
Current liabilities		**4,410,768,837**	4,693,136,540	5,066,322,658
Liabilities associated with assets held for sale	35	**268,196,878**	-	-
Total liabilities		**6,563,929,419**	6,807,027,347	7,158,659,549
Total equity and liabilities		**5,757,623,211**	7,152,969,241	7,362,827,074

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

The issuance of these consolidated financial statements was approved by the Board of Directors on 21 Ramadan 1445 AH (31 March 2024 AD) and signed on its behalf by:

Ahmed Albelbesy	**Salim Fakhouri**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 December 2023

	Notes	Twelve-month ended 31 Dec 2023	Nine-month ended 31 Dec 2022 *Restated*
Revenue	22	**5,232,231,188**	4,247,672,150
Cost of revenue	23A	**(4,585,724,696)**	(3,552,469,034)
Gross profit		**646,506,492**	695,203,116
Other operating income	23E	**162,521,629**	66,693,690
Selling and distribution expenses	23B	**(180,100,886)**	(133,546,425)
General and administrative expenses	23C	**(394,298,679)**	(181,174,536)
Depreciation on property and equipment	7A	**(149,588,261)**	(108,541,325)
Depreciation on investment properties	9	**(122,400)**	(122,400)
Amortization on intangible assets	8A	**(14,895,033)**	(10,100,036)
Impairment loss on goodwill	8A	**(370,000,000)**	-
Other operating expense	23D	**(340,089,362)**	(6,703,631)
Operating (loss)/profit		**(640,066,500)**	321,708,453
Finance income over derivatives		**16,790,728**	5,510,360
Finance costs over loans and borrowings	23F	**(236,772,862)**	(102,946,367)
Finance costs over lease liabilities	27B	**(106,243,873)**	(77,210,805)
Net finance costs		**(326,226,007)**	(174,646,812)
Gain on disposal of subsidiary		-	13,372,473
Change in fair value of other investments	11	**(33,000,000)**	3,694,908
Share of loss of equity accounted investments	10	**(10,197,674)**	(9,704,239)
(Loss)/profit before zakat and income tax		**(1,009,490,181)**	154,424,783
Zakat and Income tax expense	19	**(48,766,587)**	(20,569,248)
(Loss)/profit for the year/period from continuing operations		**(1,058,256,768)**	133,855,535
(Loss) for the year/period from discontinued operations and assets held for sale		**(54,550,716)**	(33,420,545)
(Loss)/Profit for the year/period		**(1,112,807,484)**	100,434,990
(Loss)/Profit for the year/period is attributable to:			
Shareholders of the Company		**(1,177,762,076)**	99,420,458
Non-controlling interests	26	**64,954,592**	1,014,532
		(1,112,807,484)	100,434,990
(Loss)/earnings per share			
Basic and diluted (losses) earnings per share			
- From continuing operations	24A	**(9.22)**	1.17
- From continuing & discontinued operations	24B	**(10.26)**	0.87

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy	**Salim Fakhouri**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Notes	Twelve-month ended 31 Dec 2023	Nine-month ended 31 Dec 2022
			Restated
(Loss)/profit for the year/period		**(1,112,807,484)**	100,434,990
Items that will not be reclassified to profit or loss:			
Re-measurements of employees' benefits	*18A*	**1,444,094**	2,846,420
Change in fair value at FVOCI investments	*11*	**-**	29,126,937
		1,444,094	31,973,357
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(41,085,987)**	(5,045,303)
		(41,085,987)	(5,045,303)
Other comprehensive (loss)/income for the year/period, net of tax		**(39,641,893)**	26,928,054
Total comprehensive income for the year/period		**(1,152,449,377)**	127,363,044
Total comprehensive income for the year/period attributable to:			
- Shareholders of the Company		**(1,216,742,873)**	126,821,300
- Non-controlling interests		**64,293,496**	541,744
		(1,152,449,377)	127,363,044

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2023

	Note	Share capital	Foreign currency translation reserve	Fair value reserve	(Accumulated losses)	Total shareholders' equity	Non-Controlling interests	Total equity
Balance at 1 April 2022		2,100,000,000	(519,515,816)	12,949,544	(982,305,851)	611,127,877	(107,079,020)	504,048,857
Restatement		-	-	-	(299,881,332)	(299,881,332)	-	(299,881,332)
Balance at 1 April 2022 **(Restated)**		2,100,000,000	(519,515,816)	12,949,544	(1,282,187,183)	311,246,545	(107,079,020)	204,167,525
Total comprehensive income for the year								-
Profit for the period		-	-	-	99,420,458	99,420,458	1,014,532	100,434,990
Other comprehensive (loss) / income		-	(4,572,515)	29,126,937	2,846,420	27,400,842	(472,788)	26,928,054
Total comprehensive income for the period		-	(4,572,515)	29,126,937	102,266,878	126,821,300	541,744	127,363,044
Disposal of subsidiary		-	-	-	-	-	16,001,295	16,001,295
Dividends paid		-	-	-	-	-	(1,589,970)	(1,589,970)
Capital reduction	*1*	(952,335,520)	-	-	952,335,520	-	14,411,325	14,411,325
Balance at 31 Dec 2022 (restated)		1,147,664,480	(524,088,331)	42,076,481	(227,584,785)	438,067,845	(92,125,951)	345,941,894
Total comprehensive income for the year								
(Loss)/profit for the year		-	-	-	(1,177,762,076)	(1,177,762,076)	64,954,592	(1,112,807,484)
Other comprehensive (loss)/income		-	(40,424,892)	-	1,444,095	(38,980,797)	(661,096)	(39,641,893)
Total comprehensive income for the year		-	(40,424,892)	-	(1,176,317,981)	(1,216,742,873)	64,293,496	(1,152,449,377)
Additional NCI contribution	*26*	-	-	-	-	-	201,275	201,275
Balance at 31 December 2023		1,147,664,480	(564,513,223)	42,076,481	(1,403,902,766)	(778,675,028)	(27,631,180)	(806,306,208)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023	For the nine months period ended 31 December 2022 *Restated*
Cash flows from operating activities:			
(Loss)/profit for the year/period		**(1,112,807,484)**	100,434,990
Adjustments for:			
- Depreciation on property and equipment	7	**149,588,262**	116,048,181
- Depreciation on investment properties	9	**122,400**	122,400
- Amortization on intangible assets	8	**14,895,033**	10,189,752
- Depreciation on right-of-use assets	27A	**407,687,444**	423,404,069
- Provision for employees' benefits	18A	**22,336,936**	19,025,359
- Finance income	28	**(16,790,729)**	(5,510,360)
- Provision for inventory shrinkage and slow-moving inventory	12	**36,139,149**	13,061,727
- Gain on lease termination	23E	**(634,017)**	(9,060,827)
- Zakat and income tax expense		**48,766,587**	20,968,821
- Finance cost over loans and borrowings	23F	**236,772,862**	102,946,479
- Finance cost over lease liabilities	27B&C	**106,243,873**	84,797,465
- Share of loss from equity accounted investments	10	**10,197,674**	9,704,239
- Loss on disposal of property and equipment and intangibles		**-**	1,791,023
- Store closure losses	23D	**52,669,632**	4,912,608
- Impairment loss on goodwill	8A	**370,000,000**	-
- Change in fair value of other investments	11	**33,000,000**	(3,694,908)
- Directly written off inventory		**-**	8,670,599
- Rental concession for leases	23E	**(4,258,902)**	(23,441,775)
- Write off of property and equipment and intangibles	23D	**176,621,407**	18,748,962
- Gain on disposal of discontinued operations		**41,784,123**	-
- Gain on disposal of subsidiary		**-**	(13,372,472)
		572,334,250	879,746,332
Changes in:			
- Inventories		**206,764,386**	375,102,664
- Advances, deposits and other receivables		**481,962,238**	(119,369,677)
- Prepayments, rentals and insurance		**9,646,755**	24,778,846
- Trade and other payables		**166,572,492**	(351,041,232)
Cash generated from operating activities		**1,437,280,121**	809,216,933
Zakat and income tax paid	19B	**(32,675,457)**	(11,680,099)
Employee benefits paid	18A	**(20,271,864)**	(17,022,596)
Net cash from operating activities		**1,384,332,800**	780,514,238
Cash flows from investing activities:			
Purchase of property and equipment	7A	**(238,888,731)**	(276,737,557)
Purchase of equity accounted investments	10	**(12,887,150)**	(9,818,749)
Purchase / proceeds of cash margin		**4,190,498**	(4,190,499)
Purchase of intangible assets	8	**(77,674,351)**	(63,376,190)
Proceeds of other investments		**174,000,000**	-
Proceeds on disposal of subsidiary		**-**	16,988,412
Net cash used in investing activities		**(151,259,734)**	(337,134,583)

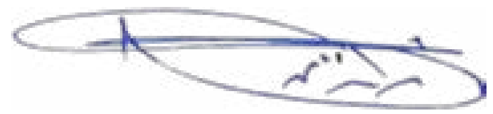
Consolidated statement of cash flows (continued)
For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023	For the nine months period ended 31 December 2022 *Restated*
Cash flows from financing activities:			
Repayments of loans and borrowings		**(762,978,583)**	(113,536,405)
Additions in loans and borrowings		**334,347,043**	168,012,174
Payments of finance costs over loans and borrowings		**(216,777,177)**	(102,946,479)
Dividends paid to NCI		**-**	(1,589,970)
Disposal of NCI share in a subsidiary		**-**	16,001,295
Repayments of lease liabilities		**(407,047,844)**	(335,180,912)
Payments of finance costs over lease liabilities	27B	**(117,855,127)**	(116,246,302)
Net cash used in financing activities		**(1,170,311,688)**	(485,486,599)
Net increase/(decrease) in cash and cash equivalents		**62,761,378**	(42,106,944)
Foreign currency exchange translation differences		**(18,686,862)**	38,405,405
Cash and cash equivalents at the beginning of year/period		**144,067,171**	147,768,710
Cash and cash equivalents at end of year/period	15	**188,141,687**	144,067,171

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer



Fawaz Abdulaziz Al Hokair
Chairman

1. Reporting entity

Fawaz Abdulaziz Al Hokair & Co. (the "Company") is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha'ban 1410H (corresponding to 18 March 1990).

The objective of the Company and its subsidiaries (collectively known as the "Group") is to engage in the following activities:

- Wholesale and retail trading in ready-made clothes for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sportswear and shoes and related items.
- Management and operation of optics centers and wholesale and retail trading in eyeglasses, sunglasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for running the Group's activities and business.
- Manufacture, wholesale and retail in Abayas, robes, scarfs and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.
- Retail trading in consumer food products.
- Own and operate restaurants, coffee shops, import food products and acquire related equipment.
- Own and operate entertainment centers and acquire related equipment.

The shareholders of the Company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million through cancellation of 95,233,552 shares of SAR 10 each to absorb the accumulated losses. Accordingly, the Group amended its Articles of Association, however, Group's revised share capital was not updated in Commercial Registration.

On 20 December 2022 (G) (corresponding to 5 Jumada al-Alkhirah 1444 (H)), the Group announced the approval by the Shareholders Extraordinary General Assembly to amend the Group's financial year end from 31 March to 31 December.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 December 2023 and 31 December 2022:

				Ownership interest held by the Group as at:	
No	**Subsidiaries**	**Country of incorporation**	**Business Activity**	**31 December 2023**	31 December 2022
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	**100**	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	**100**	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	**100**	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	**100**	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	**100**	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	**100**	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	**100**	100
8	Al Hokair Retail Academy	Kingdom of Saudi Arabia	Training center	**100**	100
9	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	**70**	70
10	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	**100**	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	**100**	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	**100**	100
13	Retail Group Georgia LLC	Georgia	Retail	**100**	100
14	Master Retail Georgia LLC	Georgia	Retail	**100**	100
15	Spanish Retail Georgia LLC	Georgia	Retail	**100**	100
16	Pro Retail Georgia LLC	Georgia	Retail	**100**	100
17	Best Retail Georgia LLC	Georgia	Retail	**100**	100
18	Mega Store Georgia LLC	Georgia	Retail	**100**	100
19	Fashion Retail Georgia LLC	Georgia	Retail	**100**	100
20	Global Apparel Georgia LLC	Georgia	Retail	**100**	100
21	Retail Group Holding LLC	Georgia	Retail	**100**	100
22	Master Home Retail	Georgia	Retail	**100**	100
23	International Retail of Morocco	Morocco	Retail	**100**	100
24	Multi Trends Co.	Morocco	Retail	**100**	100
25	Retail Group of America LLC	United States of America	Entertainment	**100**	100
26	Billy Beez USA	United States of America	Entertainment	**100**	100
27	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	**100**	100
28	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	**100**	100
29	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	**100**	100
30	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	**100**	100
31	RIGE Co.	Arab Republic of Egypt	Retail	**99**	99
32	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	**98**	98
33	Retail Group Armenia CJSC	Armenia	Retail	**96**	96
34	Spanish Retail CJSC	Armenia	Retail	**100**	100
35	ZR Fashion Retail CJSC	Armenia	Retail	**100**	100
36	Global Apparel CJSC	Armenia	Retail	**100**	100
37	BR Fashion Retail CJSC	Armenia	Retail	**100**	100
38	Master Retail CJSC	Armenia	Retail	**100**	100
39	Best Retail CJSC	Armenia	Retail	**100**	100

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity (continued)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2023	31 December 2022
40	Retail Group CJSC	Armenia	Retail	**100**	100
41	Pro Retail CJSC	Armenia	Retail	**100**	100
42	Factory Prices CJSC	Armenia	Retail	**100**	100
43	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	**100**	100
44	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	**100**	100
45	Models Own Holding Limited	United Kingdom	Retail	**51**	51
46	Models Own Limited	United Kingdom	Retail	**51**	51
47	Models Own International Ltd.	United Kingdom	Retail	**51**	51
48	Retail Group Azerbaijan LLC	Azerbaijan	Retail	**85**	85
49	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	**85**	85
50	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	**85**	85
51	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	**85**	85
52	Mega Store Azerbaijan LLC	Azerbaijan	Retail	**85**	85
53	Master Retail Azerbaijan LLC	Azerbaijan	Retail	**85**	85
54	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	**85**	85
55	Retail Group Holding LLC	Azerbaijan	Retail	**85**	85
56	Best Retail Azerbaijan LLC	Azerbaijan	Retail	**85**	85
57	Fashion Group CA	Uzbekistan	Retail	**80**	-
58	Fashion Retail Store	Uzbekistan	Retail	**80**	-
59	Master Retail Store	Uzbekistan	Retail	**80**	-
60	Retail Boutique	Uzbekistan	Retail	**80**	-
61	Retail Group Global	Uzbekistan	Retail	**80**	-
62	Retail Group Store	Uzbekistan	Retail	**80**	-
63	Retail Store Pro	Uzbekistan	Retail	**80**	-
64	Spanish Store	Uzbekistan	Retail	**80**	-

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose vehicles across several countries which are not material to the Group.

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels and indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

2. Basis of accounting

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter refer to as “IFRS as endorsed in KSA”).

2.2 Going concern basis of accounting

The Group incurred a net loss of SR 1,113 million during the year ended 31 December 2023, resulting in the accumulated losses to be SR 1,404 million. As of that date, the Company’s current liabilities exceeded its current assets by SR 3,054 million. Further, the Group is required to maintain certain financial ratios as required under a facility agreement entered with a local commercial bank and the Group is not in compliance with this as of 31 December 2023. Accordingly, the Company did not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting date. As a result, the Group has classified long term borrowings to current liability *(note 16)*. Such loan classification was the main driver for current liabilities to exceed the current assets. Currently, the Group has not received any default notice nor communication from the lenders that requires repayment of the loan before its original contractual maturity.

These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

The ability of the Group to continue its operations depends on restructuring its equity, arrangement of financing facilities, entering into profitable contracts and increasing the volume of its revenue appropriately. Management of the Group is currently reorganizing its brand mixture existing certain underperforming brands and directing more funds to performing brands. This is expected to lead to expansions and diversifications in the stores of these performing brands and trademarks. Certain cost cutting plans are also considered for the upcoming years, which will lead to enhancing gross margins of the Group. During 2023, the Group has recognized positive gross profits of SR 647 million (2022: SR 695 million), and cash inflows from operating activities of SR 1,384 million (2022: SR 781 million).

Management completed their assessment of the going concern of the Group, and accordingly, these consolidated financial statements were prepared on a going concern basis.

3. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- Equity investment at fair value through other comprehensive income (“FVOCI”) and investment at fair value through profit or loss (“FVTPL”) is measured at fair value;
- Derivative assets/liabilities at fair value; and
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SR”) which is the functional currency of the Company.

5. Use of judgements and estimates

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 at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. 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 recognized 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.

A. Judgements

The following judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control over an investee
Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Based on above considerations, management of the Group believes:
- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

5. Use of judgements and estimates (continued)

A. Judgements (continued)

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate and joint venture under the equity method of accounting.

Determination of the reasonable certainty of exercising options of lease term extension
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. 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.

Determination of the incremental borrowing rate of lease liabilities
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 the 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.

B. Assumptions and estimation uncertainties

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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5. Use of judgements and estimates (continued)

B. Assumptions and estimation uncertainties (continued)

Impairment test of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and unexpected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Provision for slow moving inventory and shrinkage
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete or subject to technological/market changes, an estimate is made of their net realizable value. Factors considered in determination of mark downs include current and anticipated demand, customer preferences and age of inventories as well as seasonal trends. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a mark down provision applied accordingly to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Economic useful lives and residual values of property and equipment & intangible assets
The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization, respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear. Residual values are based on experience and observable data where available.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

6. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

A. Basis of consolidation

i. Subsidiaries
Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity, respectively.

6. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

i. Subsidiaries (continued)

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:
- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

When the Group loses control over a subsidiary, it recognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

ii. Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investment in associates and joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

6. Summary of significant accounting policies (continued)

B. Foreign currencies

i. Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

ii. Foreign operations

The assets and liabilities of foreign operations (none of which has the currency of a hyperinflationary economy) are translated at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Saudi Riyals at exchange rates at the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences arising on foreign operations are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

C. Revenue recognition

The following are the description of accounting policies for principal activities, from which the Group generates its revenue:

Sales in retail outlets

Sales are recognized when the customer takes possession of the product sold by the Group. Payment of the transaction price is due immediately when the customer purchases the product.

Sales are measured based on the consideration specified in the contract with a customer excluding amounts collected on behalf of third parties, if any. Sales exclude Value Added Tax (VAT) collected. Sales are shown in the consolidated statement of profit or loss net of returns and any discounts given.

The group's return policy grants customers the right of return within three to seven days in normal sales and one day in the case of promotional sale with certain requirements and certain exceptions.

Online sales

Sales are recognized when the products are delivered to the customers by the shipping agent. Payment of the transaction prices is normally received upon or before placing online orders and recognized as a liability until the recognition of sales.

For all types of sales, historical experience suggests that the amount of returns is totally immaterial and accordingly, no refund liability is recognized at the time of sale. The validity of these conclusions is assessed at each reporting date. If the returns pattern changed, the Group would recognize a refund liability and corresponding asset (right to the returned goods) for products expected to be returned, with revenue and related cost of sales adjusted accordingly.

In all the above types, the stated price is the transaction price, and the Group does not have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, and as a result, the Group does not adjust transaction prices for the time value of money.

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6. Summary of significant accounting policies (continued)

D. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the statement of profit or loss in the year they are incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	**Number of years**
Buildings	40 years
Leasehold improvements	15 years
Furniture, fixtures and office equipment	15 years
Motor vehicles	6 years

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively if appropriate, at each consolidated statement of financial position date.

Land and assets under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (please refer Note *6L*).

E. Investment properties

Investment properties are those properties, either owned by the Group or where the Group is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured at cost, including related transaction costs. After initial recognition at cost, investment properties are depreciated in line with owner-occupied buildings.

F. Intangible assets

i. Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the recognized identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

6. Summary of significant accounting policies (continued)

ii. Other intangible assets

Other intangible assets represent acquired software and related licenses, key money, deferred charges (i.e. trademarks / brand). Intangible assets are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated years of amortization of the principal classes of other intangible assets is as follows:

Class of asset	Number of years
Software	25 years
Key money	15 years
Deferred charges	15 years

Gains or losses arising from derecognizing 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 when the asset is derecognized.

G. Assets held for sale

The Group classifies current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.
The criteria for classification of assets held for sale are met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be cancelled. The Management must be committed to the plan to sell the asset and which is expected take place within one year from the date of the classification.

H. Inventories

Inventories, including goods available for sale and goods in transit are stated at the lower of cost and net realizable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete a sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

I. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

J. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value. For financial instruments not classified at FVTPL, transaction costs that are directly attributable to its acquisition or issue are adjusted.

6. Summary of significant accounting policies (continued)

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

ii. Classification and subsequent measurement (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension Features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6. Summary of significant accounting policies (continued)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

K. Impairment of financial instruments

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Group measures loss allowances for trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 360 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganization; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6. Summary of significant accounting policies (continued)

L. Impairment of non-financial asset

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

M. Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss on the date that the Group's right to receive payment is established. Fair value gain on interest rate swaps is recognized when the interest rate swaps are revalued.

Finance costs comprise financial charges on borrowings including sukuks that are recognized in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

N. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

6. Summary of significant accounting policies (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

O. Provisions

Provisions are recognized 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. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense.

P. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave and air fare that are expected to be settled wholly within twelve months, after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. Post-employment obligation

The Group operates single post-employment benefit scheme of defined benefit plans driven by the labor laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuation of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

6. Summary of significant accounting policies (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

Q. Zakat and income tax

i. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

ii. Income tax

For subsidiaries incorporated and operating outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with the tax regulations of their respective countries, when it is material. The Group considers both of the current and deferred income tax of those subsidiaries as immaterial.

iii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

R. Dividends

Provision is made for the amount of any dividends declared being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

6. Summary of significant accounting policies (continued)

S. Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year as all the Company's shares are ordinary shares.

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

T. Statutory reserve

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognize a reserve comprising 10% of its net profit for the year until such reserve equals 30% of its share capital. As per the by-laws the company will cease the contribution when such reserve will reach 50% of its Share Capital.

U. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to sperate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and type of the assets leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

6. Summary of significant accounting policies (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

V. Segment reporting

An operating segment is a component of the Company:
- That engages in business activities from which it may earn revenues and incur expenses;
- Results of its operations are continuously analysed by the Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- For which discrete financial information is available.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

7. Property and equipment

See accounting policies in Notes *6D* and *6L*.

A. Reconciliation of carrying amount

	Notes	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Under construction	Total
Cost:							
Balance at 1 April 2022		14,920,930	2,726,194,415	768,240,782	18,571,062	251,514,637	3,779,441,826
Additions		-	170,946,801	56,199,819	105,932	49,485,005	276,737,557
Transfer		-	38,394,142	4,617,595	79,798	(43,090,154)	1,381
Write off		-	(64,483,178)	(16,708,483)	(951,851)	-	(82,143,512)
Reclassification to related party balance		-	-	-	-	(153,154,854)	(153,154,854)
Disposal of subsidiary		-	(35,372,313)	(14,192,974)	(1,592,988)	-	(51,158,275)
Balance at 31 December 2022		14,920,930	2,835,679,867	798,156,739	16,211,953	104,754,634	3,769,724,123
Additions		-	**163,918,336**	**56,902,235**	**23,357**	**81,395,627**	**302,239,555**
Transfer		-	**32,600,658**	**5,817,321**	**-**	**(101,768,804)**	**(63,350,825)**
Write off		-	**(385,207,390)**	**(155,768,173)**	**(697,926)**	-	**(541,673,489)**
Transfer to disposal group classified as held for sale			**(167,919,479)**	**(22,047,978)**	**(109,426)**		**(190,076,883)**
Balance at 31 December 2023		**14,920,930**	**2,479,071,992**	**683,060,144**	**15,427,958**	**84,381,457**	**3,276,862,481**
Accumulated depreciation and impairment losses:							
Balance at 1 April 2022		-	1,870,567,498	535,391,326	15,156,607	-	2,421,115,431
Charge for the period from continuing operation		-	75,423,319	32,472,236	645,770	-	108,541,325
Charge for the period from discontinuing operation assets held for sale	*35*	-	6,757,929	-	-	-	6,757,929
Charge for the period from disposed subsidiaries	*34*		748,927	-	-	-	748,927
Transfer		-	122,402	1,171,097	79,799	-	1,373,298
Write off			(54,542,587)	(14,561,031)	(951,781)	-	(70,055,399)
Disposal of subsidiary		-	(14,961,867)	(6,848,602)	(1,275,354)	-	(23,085,823)
Balance at 31 December 2022		-	1,884,115,621	547,625,026	13,655,041	-	2,445,395,688
Charge for the year from continuing operation		-	**102,501,421**	**46,463,100**	**623,740**	-	**149,588,261**
Charge for the year associated with assets held for sale	*35*	-	**8,589,453**	-	-	-	**8,589,453**
Charge for the year from disposed subsidiaries (discontinued operations)	*34*	-	**1,310,477**	-	-	-	**1,310,477**
Transfer		-	**(194,249)**	**428,647**	-	-	**234,398**
Write off		-	**(228,079,510)**	**(116,316,813)**	**(690,909)**	-	**(345,087,231)**
Transfer to disposal group classified as held for sale		-	**(117,667,674)**	**(15,364,026)**	**(109,423)**		**(133,141,124)**
Balance at 31 December 2023		-	**1,650,575,539**	**462,835,934**	**13,478,449**	-	**2,126,889,922**
Carrying amounts:							
At 31 December 2022		14,920,930	951,564,246	250,531,713	2,556,912	104,754,634	1,324,328,435
Balance at 31 December 2023		**14,920,930**	**828,496,453**	**220,224,209**	**1,949,509**	**84,381,457**	**1,149,972,559**

* It includes store closure losses amounting to SR 52.6 million (31 December 2022: 4.9 million) charged to profit or loss during the year/period (note 23D).

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Goodwill and intangible assets

See accounting policies in Notes *6F* and *6L*.

A. Reconciliation of carrying amount

	Notes	Goodwill	Software	Key money	Deferred charges	Total
Cost						
Balance at 1 April 2022		1,012,387,298	156,787,511	158,043,558	20,125,852	1,347,344,219
Additions		-	22,176,559	30,027,381	11,172,250	63,376,190
Disposals / Write-off		-	(287,620)	(6,809,419)	-	(7,097,039)
Balance at 31 December 2022		1,012,387,298	178,676,450	181,261,520	31,298,102	1,403,623,370
Additions		**-**	**16,270,262**	**2,350,432**	**3,661,349**	**22,282,043**
Transfer		**-**	**56,765,127**	**(35,231,755)**	**-**	**21,533,372**
Impairment		**-**	**(17,088,435)**	**(5,878,156)**	**(3,231,253)**	**(26,197,844)**
Disposals / Write-off		**-**	**(882,858)**	**(6,610,699)**	**(2,274,369)**	**(9,767,926)**
Transfer to disposal group classified as held for sale			**(894,300)**	**(3,945,953)**	**(807,800)**	**(5,648,053)**
Balance at 31 December 2023		**1,012,387,298**	**232,846,246**	**131,945,389**	**28,646,029**	**1,405,824,962**
Accumulated amortization and impairment						
Balance at 1 April 2022		76,350,879	66,133,875	114,501,899	7,324,542	264,311,195
Charge for the period from continuing operation		-	5,654,702	3,121,309	1,413,741	10,189,752
Impairment charge for the year		9,800,000	-	-	-	9,800,000
Disposals / Write-off		-	(295,136)	(1,228,172)	52	(1,523,256)
Balance at 31 December 2022		86,150,879	71,493,441	116,395,036	8,738,335	282,777,691
Charge for the period from continuing operation		**-**	**8,613,282**	**3,463,732**	**2,818,019**	**14,895,033**
Charge for the period associated with assets held for sale	*35*	**-**	**-**	**331,818**	**-**	**331,818**
Impairment charge for the year		**370,000,000**	**-**	**-**	**-**	**370,000,000**
Transfers		**-**	**2,819,796**	**(3,323,674)**	**-**	**(503,878)**
Write off		**-**	**(772,397)**	**(5,720,730)**	**(3,231,251)**	**(9,724,378)**
Disposals		**-**	**(478,103)**	**(1,731,922)**	**(915,899)**	**(3,125,924)**
Transfer to disposal group classified as held for sale			**(461,606)**	**(3,736,580)**	**(396,851)**	**(4,595,037)**
Balance at 31 December 2023		**456,150,879**	**81,214,413**	**105,677,680**	**7,012,353**	**650,055,325**
Carrying amount						
At 31 December 2022		926,236,419	107,183,009	64,866,484	22,559,767	1,120,845,679
At 31 December 2023		**556,236,419**	**151,677,427**	**26,267,709**	**21,633,676**	**755,769,637**

B. Goodwill

	Note	Year	**31 December 2023**	31 December 2022
Nesk Trading Projects Co including Mango brand	*(i)*	2012 & 2014	**355,384,622**	666,771,622
Food Gate Company	*(ii)*	2020	**108,500,593**	167,113,593
Wahba Trading Company Ltd	*(ii)*	2020	**61,437,764**	61,437,764
Innovative Union Company	*(iii)*	2009	**30,913,440**	30,913,440
Carrying amount			**556,236,419**	926,236,419

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Goodwill and intangible assets (continued)

B. Goodwill (continued)

i. Nesk Trading Projects Company operates fashion retail stores all over the Kingdom with franchise rights of a number of international fashion brands including Stradivarius, Mango, Okaidi, etc.

   The Group acquired Nesk Trading Projects Company, for cash in an aggregate amount of SR 730 million having net acquisition cost of SR 661.2 million after deducting net cash acquired amounting to SR 68.8 million.

   The Group acquired the business of fashion retail and franchise rights of the international fashion brand "Mango" in the Kingdom of Saudi Arabia for a consideration of SR 378 million.

ii. The Group acquired Innovative Union Company with its subsidiary Food Gate Company from a related party. At the date of acquisition, the carrying value of net assets acquired was SR 132.2 million and the cost of acquisition was SR 340 million, accordingly, a goodwill amounting to SR 207.8 million arose at the acquisition date of the 2 companies.

   Innovative Union Company and its subsidiary Food Gate Company operate food and beverage stores all over the Kingdom with franchise rights of a number of food brands including Cinnabon, Subway, etc.

iii. The Group acquired Wahba Trading Company Limited at a fair value of SR 118.6 million and the cost of acquisition was SR 180 million, accordingly, a goodwill amounting to SR 61.4 million arose at the acquisition date.

C. Impairment test

Goodwill is tested annually for impairment by management. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each of the Companies.

In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail and food and beverage business in which the companies operate. Key assumptions for the value-in-use calculation are set out below;

	Nesk Projects Trading Company	**Food Gate Company**	**Wahba Trading Company Limited**	**Innovative Union Company**
Discount rate	12.5%	12.5%	12.5%	12.5%
Average annual growth rate for sale	3% ~ 5%	3% ~ 4%	3% ~ 5%	3% ~ 5%
Terminal growth rate	2%	2%	2%	2%

The discount rates used are pre-zakat and reflect weighted average cost of capital adjusted for leverage and Company specific risks. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

D. Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the subsidiaries, any adverse changes in a key assumption would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the annual growth rates, terminal growth rates and the discount rates used.

All amounts are presented in Saudi Riyals unless otherwise stated.

9. Investment property

See accounting policies in Notes *6E* and *6L*.

Reconciliation of carrying amount

	Residential apartment
Cost	
Balance at 1 April 2022	3,516,928
Balance at 31 December 2022	3,516,928
Balance at 31 December 2023	**3,516,928**
Accumulated depreciation and impairment	
Balance at 1 April 2022	2,007,328
Charge for the period	122,400
Balance at 31 December 2022	2,129,728
Charge for the year	**122,400**
Balance as at 31 December 2023	**2,252,128**
Carrying amount	
At 31 December 2022	1,387,200
At 31 December 2023	**1,264,800**

(i) Investment property represents an apartment located at unit no. 301, The Pad, Business Bay, Dubai, United Arab Emirates. The fair valuation for the apartment has been performed by an external valuer appointed by the management who assessed the fair value of the investment property at SR 1.9 million (31 December 2022: SR 1.9 million).

10. Equity accounted investments

See accounting policies in Notes *6A* and *6L*.

	FG 4 Limited	FAS LAB *(i)*	Total
Balance at 1 April 2022	1,956,408	60,068,385	62,024,793
Addition	-	9,818,749	9,818,749
Share of loss	(1,956,408)	(7,747,831)	(9,704,239)
Balance at 31 December 2022	-	62,139,303	62,139,303
Addition	-	**12,887,150**	**12,887,150**
Share of loss	-	**(10,197,674)**	**(10,197,674)**
Balance at 31 December 2023	-	**64,828,779**	**64,828,779**

Financial year	31 December 2023	31 December 2023	Total
Assets	-	**309,698,148**	**309,698,148**
Liabilities (including NCI)	-	**172,412,557**	**172,412,557**
Net Assets	-	**137,285,591**	**137,285,591**
Percentage ownership interest	-	**50%**	
Group's share of net assets	-	**68,642,796**	**68,642,796**
Adjustment	-	**(3,814,017)**	**(3,814,017)**
Carrying amount	-	**64,828,779**	**64,828,779**
Revenue	-	**458,185,556**	**458,185,556**
Profit from continuing operations	-	**20,395,349**	**20,395,349**
Total comprehensive income	-	**20,395,349**	**20,395,349**
Group's share of total comprehensive income	-	**10,197,675**	**10,197,675**

(i) This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

11. Other investments

See accounting policies in Notes *6J*and *6K*.

	Equity securities at FVTPL *(i)*	Equity securities at FVOCI *(ii)*	Pledged term deposit *(iii)*	Total
Balance at 1 April 2022	213,430,656	86,260,030	-	299,690,686
Additions	-	-	4,190,498	4,190,498
Unrealized currency exchange differences	-	(22,455,488)	-	(22,455,488)
Change in fair value	3,694,908	29,126,937	-	32,821,845
Balance at 31 December 2022	217,125,564	92,931,479	4,190,498	314,247,541
Balance at 1 Jan 2023	**217,125,564**	**92,931,479**	**4,190,498**	**314,247,541**
Disposal	**(174,000,000)**	**-**	**(4,190,498)**	**(178,190,498)**
Change in fair value of other investments	**(33,000,000)**	**-**	**-**	**(33,000,000)**
Transfer to advances, deposits and other receivables (note. 13)	**(10,125,564)**	**-**	**-**	**(10,125,564)**
Unrealized currency exchange differences	**-**	**(18,742,465)**	**-**	**(18,742,465)**
Balance at 31 December 2023	**-**	**74,189,014**	**-**	**74,189,014**

All amounts are presented in Saudi Riyals unless otherwise stated.

11. Other investments (continued)

i. On 16 December 2019, the Company acquired 20,000,000 units of Al Mubarak Real Estate Income Fund 2 (the "Fund") with a nominal value of SR 10 per unit for its share in the ownership of an investment property. During the current period, the Company has been notified of the liquidation of the fund, in which it owns 33.33%. The Company has received an amount of SR 162 million, in addition to that, certain rental liabilities towards the fund have been settled by SR 12 million. Given that the final sale price of the fund has not been determined yet, pending completion of liquidation procedures, the remaining amount of the asset equal to SR 10 million has been classified in Trade & other receivables.

ii. During the year ended 31 March 2021, the Group had acquired 8.9% shares in Egyptian Centers for Real Estate Development (ECRED) in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition. At 31 December 2023, investment in ECRED has been valued at SR 74.2 million (31 December 2022: 92.9 million).

iii. During the year ended 31 December 2023, the Group has refunded the term deposits in National Bank of Fujairah, that has been as a guarantee for supplier payment.

12. Inventories

See accounting policy in Note *6H*.

	Note	31 December 2023	31 December 2022
Finished goods			
- Available for sale		767,902,945	1,310,279,291
- Goods in transit		48,336,268	14,149,304
Consumables and supplies		11,059,807	24,262,829
Gross inventories		**827,299,020**	1,348,691,424
Provision for inventory	*(i)*	(33,784,240)	(348,412,258)
Net inventories		**793,514,780**	1,000,279,166

i. Movement in provision for inventory is as follows:

	31 December 2023	31 December 2022
Opening balance	**348,412,258**	352,227,716
Charge for the year / period	**111,436,113**	13,061,727
Provision written-off during the year / period	**(426,064,131)**	(16,877,185)
Closing balance	**33,784,240**	348,412,258
Inventories directly written off to profit or loss	**30,339,860**	8,670,599

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13. Advances, deposits and other receivables

See accounting policies in Notes *6J* and *6K*.

	Note	31 December 2023	31 December 2022
Receivables due from related parties	*32B*	**33,690,807**	451,661,789
Other receivables			
- Advances, deposits and other receivables excluding related party receivables		**79,234,221**	85,467,175
- Margin on letters of credit and guarantee		**43,127,792**	43,982,120
- Receivable from credit card and wholesale		**42,884,793**	30,709,960
- Receivable from online marketplaces		**25,297,301**	-
- Security deposits		**15,578,877**	34,354,540
- Employee receivables		**15,037,437**	15,727,904
- Receivable from human resources development fund		**13,505,584**	20,571,525
- Receivable from disposal of other investment		**10,125,564**	-
- Custom refund receivable		**8,990,391**	14,008,185
- Margin compensation receivable		**3,404,524**	-
- Others		**16,581,198**	21,714,883
		273,767,683	266,536,292
- Expected credit loss		**(5,083,164)**	-
Total advances, deposits and other receivables		**302,375,326**	718,198,081

14. Prepayments

See accounting policies in Notes *6J* and *6K*.

	31 December 2023	31 December 2022
Prepaid insurance	**1,521,731**	5,631,880
Others	**24,277,671**	29,814,277
	25,799,402	35,446,157

15. Cash and cash equivalents

See accounting policy in Note *6I*.

	Note	31 December 2023	31 December 2022
Bank balances	*(i)*	**214,358,669**	142,078,902
Cash in hand		**20,888,713**	51,746,374
Cash and cash equivalents in consolidated statement of financial position		**235,247,382**	193,825,276
Bank's overdraft		**(47,105,695)**	(49,758,105)
Cash and cash equivalents in consolidated statement of cash flows		**188,141,687**	144,067,171

All amounts are presented in Saudi Riyals unless otherwise stated.

16.Loans and borrowings

See accounting policies in Note *6J`X`*.

	Notes	31 December 2023	31 December 2022
Islamic facility with banks (Murabaha)	(i)	**2,134,844,681**	**2,774,310,862**
Islamic facility with banks (Murabaha)	(ii)	**150,000,000**	**150,000,000**
Islamic banking facilities of Non - GCC subsidiaries	(iii)	**11,502,367**	**8,056,876**
Banking Facilities of GCC subsidiaries	(iv)	**145,684,436**	**-**
Banking facilities of Non-GCC subsidiaries	(v)	**64,739,292**	**-**
		2,506,770,776	2,932,367,738
Short term borrowings		**34,132,878**	8,056,876
Current portion of long-term borrowings		**2,264,111,356**	2,809,310,862
Loans and borrowings - current liabilities		**2,298,244,234**	2,817,367,738
Loans and borrowings – non-current liabilities		**208,526,542**	115,000,000
		2,506,770,776	2,932,367,738

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *26*.

A. Terms and repayment

i. The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SAR 2,400 million and USD 166 million on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 31 December 2023, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.7% on loan tranche taken in SR and LIBOR + 3% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. As at 31 December 2023, there has been non-compliance of certain covenants on the outstanding facility.

The Murabaha commercial terms agreement between the Company and the lending banks mandates that the existing breach of the financial covenants existing breach of financial covenants and clean down conditions considered as an event of default which in turns allows the banks to declare the whole loan outstanding balance to be immediately due and accordingly as at 31 March 2021 the long-term loan balance of SR 2,253 million has been reclassified to be part of the current liabilities on the consolidated statement of financial position. The Company requested the lenders to waive the breach of loans covenants more than once during the year to which the lenders did not agree. However, the lenders have agreed that any waivers of the breach of loan covenants will only be considered in light of successful implementation of Capital Restructuring Transaction, the prepayment of revolving Murabaha Facilities and the corresponding partial cancellation of commitments under the Revolving Murabaha Facilities. The Board of Directors in their meeting dated 10 November 2021 had resolved that the Company will proceed with the rights issue of SR 1,000 million. On the board's recommendation, the shareholders through an extra-ordinary general meeting held on 29 June 2022 have approved the reduction of the share capital of the parent company to absorb the accumulated losses of SAR 952 million as at 31 December 2021. The rights issue is yet to be approved by the shareholders.

ii. During 2022, the Group signed a Murabaha term financing agreement with a Riyadh Bank amounting to SR 150 million. As per the terms of the agreement, the term of the Murabaha facility is for a period of three years including 6 months grace period. The facility is repayable in 36 monthly

installments commencing after 6 months from the date of signing the agreement. The agreement was signed in November 2022.

iii. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms.

iv. During 2023, the Group has obtained 2 new term loans from banks outside KSA to support their operations amounted to USD 15 million, USD 25 million dollars (equivalent to SR 56.2 million, and SR 93.7 million respectively)

v. During 2023, International subsidiaries has obtained 2 loans from banks outside KSA in their local currencies. One is a credit facility amount to SAR 42.1 million and the 2nd facility is a short-term loan amounting to SAR 22.6 million

17. Trade and other payables

See accounting policy in Note *6J*.

	Note	31 December 2023	31 December 2022
Trade payables			
Trade payables to suppliers		**523,821,820**	660,939,004
		523,821,820	660,939,004
Other payables			
Contractors and others		**176,154,926**	193,060,702
Due to related parties	*32B*	**192,644,723**	157,325,694
Employees' salaries and benefits		**60,823,186**	47,682,030
Royalty		**13,430,023**	-
Margin compensation		**-**	2,811,605
VAT payable		**252,604,801**	89,208,760
		695,657,659	490,088,791
Accrued expenses			
Finance cost - accruals		**64,401,833**	44,406,148
Government duties		**512,734**	14,696,834
Consignment margin		**15,688,627**	-
Deferred income from landlord		**57,770,000**	-
Other accruals and other liabilities		**42,233,925**	46,384,292
		180,607,119	105,487,274
Trade and other payables		**1,400,086,598**	1,256,515,069

18. Employee benefits

See accounting policy in Note *6P*.

The Group operates unfunded defined benefit plans for its permanent employees as required by the Saudi Arabia Labor Law and in accordance with the local statutory requirements of the foreign subsidiaries. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment.

All amounts are presented in Saudi Riyals unless otherwise stated.

18. Employee benefits (continued)

A. Movement in employee benefits liability

	31 December 2022	31 December 2022
Opening balance	**95,948,028**	102,988,787
Included in profit or loss		
Current service cost	**17,857,600**	13,223,430
Interest cost	**4,479,336**	2,703,378
	22,336,936	15,926,808
Included in OCI		
Actuarial (gain) loss arising from		
– financial assumptions	**(3,889,576)**	4,880,661
– other assumptions and experience adjustments	**2,445,482**	(7,727,081)
	(1,444,094)	(2,846,420)
Other		
Disposal of subsidiary	**-**	(3,098,551)
Benefits paid	**(20,271,864)**	(17,022,596)
Transfer to disposal group classified as held for sale	**(7,235,890)**	-
Closing balance	**89,333,116**	95,948,028

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 December 2023	31 December 2022
Economic assumptions		
Gross discount rate	**5.00%**	4.40%
Price inflation	**2.0%**	2.0%
Salary growth rate	**3.00%**	3.00%
Demographics assumptions		
Number of employees	**6,774**	8,416
Average age of employees (years)	**33**	31.5
Average years of past service	**4**	3.60

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	**8,678,605**	**(7,364,112)**	10,459,736	(8,811,846)
Discount rate (1% movement)	**(7,171,314)**	**8,587,683**	(8,627,818)	10,415,521

19. Zakat and tax liabilities

See accounting policy in Note *6Q*.

A. Amounts recognized in profit or loss and financial position

Recognized in profit or loss

	Note	31 December 2023	31 December 2022
Current year zakat charge	*20B*	**31,267,747**	10,761,824
Current year income tax charge	*20C*	**17,498,840**	9,807,424
		48,766,587	20,569,248

Recognized in financial position

	Note	31 December 2023	31 December 2022
Zakat	*20B*	**85,054,391**	62,722,287
Income tax	*20C*	**1,522,208**	7,763,181
		86,576,599	70,485,468

B. Zakat

i. Movement in zakat liability is as follows:

	Note	31 December 2023	31 December 2022
Opening balance		**62,722,287**	88,970,542
Zakat charge			
- Current year / period		**6,960,204**	18,826,948
- Prior years – charge / (reverse)		**24,307,543**	(8,065,124)
Net charge during the year / period		**31,267,747**	10,761,824
Adjustment		**-**	(28,941,676)
Paid		**(8,935,643)**	(8,068,403)
Closing balance		**85,054,391**	62,722,287

ii. Computation of zakat charge is as follows:

	Note	31 December 2023	31 December 2022
Shareholders' equity and other payables		**5,450,174,127**	6,753,858,394
Adjusted net income		**140,043,005**	146,066,527
Deductions and other adjustments		**(5,346,401,885)**	(5,968,901,209)
Zakat base		**278,408,147**	931,023,712
Zakat at 2.5% (higher of adjusted net income or Zakat base)		**6,960,204**	18,826,948

All amounts are presented in Saudi Riyals unless otherwise stated.

19. Zakat and tax liabilities (continued)

iii. Status of zakat assessments is as follows:

The Company has filed its zakat returns with ZATCA for all years up to and including the year ended 31 December 2022. The zakat returns from year 31 March 2015 to 31 March 2022 are under review of ZATCA. The Company finalized zakat assessment for the year 31 March 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

C. Income tax

i. Movement in income tax is as follows:

	Note	**31 December 2023**	31 December 2022
Opening balance		**7,763,181**	1,399,744
Current year income and deferred tax charge	*(a)*	**17,498,841**	9,975,133
Paid		**(23,739,814)**	(3,611,696)
Closing balance		**1,522,208**	7,763,181

a. Includes deferred tax charge /(reversal) of SR 1.7 million (31 December 2022: -2.14 million)

ii. Status of income tax assessments is as follows:

The income tax returns for subsidiaries in Egypt, Azerbaijan, Georgia Countries have been filed for all years until 31 December 2023 and for Jordan subsidiaries have been filed for all the years until 31 December 2022. For Kazakhstan and Armenia, the income tax returns have been filed up to 31 December 2022.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. As at 31 December 2023, there are no pending adverse assessments relating to income tax in any of the subsidiaries. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

20. Share capital and reserves

A. Share Capital

The Company's share capital as at 31 December 2023, and 31 December 2022 is as below:

	31 December 2023			31 December 2022		
	No. of shares	**Par value**	**Total**	No. of shares	Par value	Total
Ordinary share capital	**114,766,448**	**10**	**1,147,664,480**	114,766,448	10	1,147,664,480

B. Statutory reserve

The shareholders of the Company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million through cancellation of 95,233,552 shares of SAR 10 each to absorb the accumulated losses. As at 31 December 2023, the Group has accumulated losses of SAR 1,404 million and therefore no amount from profits has been allocated to statutory reserve.

As of 31 March 2024, the Board of Directors recommended reducing the capital to SR 100 million (a decrease percentage of 91.28%) to offset accumulated losses. Noting that such recommendation is conditional on the approval of shareholders in an extra-ordinary general assembly meeting, as well as the approval of official regulators.

21. Operating segments

See accounting policy in Note *6U*.

A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

Reportable segments

The following table describes the operations of each reportable segments:

Reportable segments	**Operations**
Fashion retail	Primarily include sales of apparels, footwears & accessories through retail outlets
Indoor entertainment	Kids play centers
Food & beverage	Cafes and restaurants

Geographical information

The Group operates through their various retail outlets, indoor entertainment for kids in the Kingdom of Saudi Arabia (Domestic) and international geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia and Morocco.

All amounts are presented in Saudi Riyals unless otherwise stated.

21. Operating segments (continued)

B. Information about reportable segments and geographical information

The segment information from operations of these segments is provided below:

	Reportable segments						Geographical segments					
	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continuing ops	Discontinued ops					Continuing ops	Discontinued ops	Continuing ops	Discontinued ops		
	Amount in SR'000						Amount in SR'000					
31 December 2023												
Profit or loss												
Sales	4,780,965	293,115	72,081	379,184	-	5,525,346	4,104,673	266,922	1,127,557	26,194	-	5,525,346
Depreciation and amortization	(125,024)	(10,232)	(16,038)	(23,543)	-	(174,837)	(136,417)	(8,921)	(28,191)	(1,310)	-	(174,837)
Finance charges	(335,219)	(12,095)	(1,635)	(6,163)	-	(355,112)	(314,923)	(10,524)	(28,095)	(1,571)	-	(355,112)
Net (loss) / profit	(1,020,925)	(54,551)	(5,811)	(31,520)	-	(1,112,807)	(1,387,296)	(33,884)	329,040	(20,666)	-	(1,112,807)
Statement of financial position												
Non-current assets	6,726,178	246,206	61,412	248,217	(2,945,101)	4,336,912	6,498,750	246,206	537,057	-	(2,945,101)	4,336,912
Current assets	1,378,465	63,775	(6,105)	(15,424)	-	1,420,711	1,047,460	63,775	309,476	-	-	1,420,711
Total liabilities	(5,999,251)	(268,197)	(54,226)	(242,256)	-	(6,563,930)	(5,647,013)	(268,197)	(648,720)	-	-	(6,563,930)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continuing ops	Discontinued ops					Continuing ops	Discontinued ops	Continuing ops	Discontinued ops		
	Amount in SR'000						Amount in SR'000					
31 December 2022												
Profit or loss												
Sales	4,980,260	404,552	63,738	481,343	-	5,929,893	4,477,993	349,296	1,047,348	55,256	-	5,929,893
Depreciation and amortization	(110,044)	(10,161)	(16,194)	(27,697)	-	(164,096)	(126,847)	(8,944)	(27,088)	(1,217)	-	(164,096)
Finance charges	(226,863)	(11,932)	(2,409)	(14,781)	-	(255,985)	(211,168)	(8,559)	(32,885)	(3,373)	-	(255,985)
Net profit / (loss)	122,896	(41,672)	(15,211)	(29,148)	-	36,865	(40,480)	(25,977)	119,017	(15,695)	-	36,865
Statement of financial position												
Non-current assets	7,508,428	-	92,554	315,557	(2,711,319)	5,205,220	7,262,977	-	653,562	-	(2,711,319)	5,205,220
Current assets	1,928,371	-	(5,933)	25,311	-	1,947,749	2,065,082	-	(117,333)	-	-	1,947,749
Total liabilities	(6,423,478)	-	(70,573)	(312,977)	-	(6,807,028)	(6,206,070)	-	(600,958)	-	-	(6,807,028)

All amounts are presented in Saudi Riyals unless otherwise stated.

22. Revenue

See accounting policy in Note *6C*.

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	Twelve months year ended 31 December 2023		
	Kingdom of Saudi Arabia	**International Countries**	**Total**
Apparels	**3,163,513,000**	**1,032,229,000**	**4,195,742,000**
Footwear & accessories	**130,119,737**	**19,160,412**	**149,280,149**
Others	**433,453,274**	**2,489,941**	**435,943,215**
Fashion retail	**3,727,086,011**	**1,053,879,353**	**4,780,965,364**
Food & beverages	**379,184,359**	**-**	**379,184,359**
Indoor entertainment	**-**	**72,081,465**	**72,081,465**
Total revenue	**4,106,270,370**	**1,125,960,818**	**5,232,231,188**

	Nine months period ended 31 December 2022		
	Kingdom of Saudi Arabia	**International Countries**	**Total**
Apparels	2,624,470,702	776,073,627	3,400,544,329
Footwear & accessories	96,771,090	8,410,410	105,181,500
Others	333,082,020	9,760,188	342,842,208
Fashion retail	3,054,323,812	794,244,225	3,848,568,037
Food & beverages	351,788,370	-	351,788,370
Indoor entertainment	-	47,315,743	47,315,743
Total revenue	3,406,112,182	841,559,968	4,247,672,150

23. Income and expenses

A. Cost of revenue

	Note	**For the twelve months period ended 31 December 2023**	For the nine months period ended 31 December 2022 (restated)
Cost of goods	*(i)*	**3,337,904,322**	2,512,259,254
Depreciation on right-of-use asset	*28C*	**407,687,443**	365,090,296
Employees' salaries and benefits		**552,964,066**	475,033,747
Utilities and maintenance		**64,550,632**	70,353,924
Rent expense	*28C*	**98,286,054**	55,709,315
Travelling		**6,492,700**	5,635,534
Others		**117,839,479**	68,386,964
		4,585,724,696	3,552,469,034

i. Cost of goods include a charge for inventory provision of SAR 111.4 million (31 December 2022: SAR 13.1 million). Further, it also includes a charge of SR 30.3 million (31 December 2022: SR 8.7 million) relating to write-down of inventories to net realizable value which were recognized directly as an expense and not routed through the inventory provision account.

B. Selling and distribution expenses

	Note	**For the twelve months period ended 31 December 2023**	For the nine months period ended 31 December 2022
Employees' salaries and benefits		**67,637,400**	54,161,594
Bank charges		**24,854,671**	14,178,235
Advertising and promotions		**59,100,012**	44,866,528
Utilities and maintenance		**3,497,762**	3,241,761
Travel		**3,718,747**	4,700,062
Rent expense	*28C*	**9,899,432**	3,786,755
Freight and distribution charges		**1,008,437**	877,900
Others		**10,384,425**	7,733,590
		180,100,886	133,546,425

C. General and administrative expenses

	Note	**For the twelve months period ended 31 December 2023**	For the nine months period ended 31 December 2022
Employees' salaries and benefits		**186,254,862**	91,837,376
Government fees and related charges		**13,370,437**	5,093,639
Utilities and maintenance		**8,785,974**	7,204,025
Travel and communication		**24,681,618**	16,842,993
Bank charges		**9,266,322**	3,594,722
Stationery and supplies		**20,266,929**	6,155,346
Advertising and publishing		**28,402,291**	8,198,262
Insurance		**2,380,366**	891,203
Rent expense	*28C*	**21,074,892**	8,313,109
Others		**79,814,988**	33,043,861
		394,298,679	181,174,536

D. Other operating expense

	Note	**For the twelve months period ended 31 December 2023**	For the nine months period ended 31 December 2022
Store closure losses	*(i)*	**52,669,632**	4,912,608
Foreign exchange (loss)		**28,853,675**	-
Liquidation of investment in subsidiaries		**7,122,648**	-
Write off of the HRDF balance		**33,139,485**	-
Reversal of other prepayments		**37,348,155**	-
Others - other operating expense		**4,334,360**	-
Written off of property, equipment and intangible		**176,621,407**	1,791,023
		340,089,362	6,703,631

All amounts are presented in Saudi Riyals unless otherwise stated.

E. Other operating income

	Note	For the twelve months period ended 31 December 2023	For the nine months period ended 31 December 2022
Rental concession for leases	28B	4,258,902	19,926,978
Gain on lease termination		973,539	6,197,156
Foreign exchange gain		-	2,426,898
Others		157,289,188	38,142,658
		162,521,629	66,693,690

F. Finance costs over loans and borrowings

	Note	For the twelve months period ended 31 December 2023	For the nine months period ended 31 December 2022
Financial charges over loans and borrowings	17(i)	234,323,427	100,687,793
Amortization of upfront fees		2,449,435	2,258,574
		236,772,862	102,946,367

24. (Loss)/earnings per share

See accounting policy in Note 6S.

A. (Loss)/earnings per share for continuing operations

	Note	For the twelve months period ended 31 December 2023	For the nine months period ended 31 December 2022
Loss attributable to ordinary shareholders		(1,058,256,768)	133,855,535
Weighted average number of ordinary shares		114,766,448	114,766,448
Basic and diluted loss per share		(9.22)	1.17

B. (Loss)/earnings per share for continuing and discontinued operations

	Note	For the twelve months period ended 31 December 2023	For the nine months period ended 31 December 2022
(Loss)/profit attributable to ordinary shareholders		(1,177,762,076)	99,420,458
Weighted average number of ordinary shares		114,766,448	114,766,448
Basic and diluted (loss)/profit per share		(10.26)	0.87

C. (Loss)/earnings per share for discontinuing operations and assets held for sale

	Note	For the twelve months period ended 31 December 2023	For the nine months period ended 31 December 2022
Loss attributable to ordinary shareholders		(54,550,716)	(33,420,545)
Weighted average number of ordinary shares		114,766,448	114,766,448
Basic and diluted loss per share		(0.48)	(0.29)

All amounts are presented in Saudi Riyals unless otherwise stated.

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The calculation of basic and diluted (loss)/earning per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

25. Financial instruments - fair values and risk management

See accounting policies in Notes 6B, 6J, 6K, 6L, 6N.

A. Accounting classification and fair values

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI and FVTPL equity investments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair hierarchy value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

A. Accounting classification and fair values (continued)

	31 December 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak real estate income Fund –II	-	-	-	-	-
Derivative liabilities	(31,600,110)	-	(31,600,110)	-	(31,600,110)
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	74,189,014	-	-	74,189,014	74,189,014

	31 December 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak real estate income Fund –II	217,125,564	-	-	217,125,564	217,125,564
Derivative assets	35,127,274	-	35,127,274	-	35,127,274
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	92,931,479	-	-	92,931,479	92,931,479

All amounts are presented in Saudi Riyals unless otherwise stated.

25. Financial instruments - fair values and risk management (continued)

See accounting policies in Notes *6B, 6J, 6K, 6L, 6N*.

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments:

Type	Valuation technique and significant unobservable inputs
Equity securities	The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).
Derivative asset	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital management risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

25. Financial instruments - fair values and risk management (continued)

i. Credit risk

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	Note	**31 December 2023**	31 December 2022
Cash at banks	*15*	**214,358,669**	142,078,902
Advances, deposits and other receivables		**57,718,635**	481,397,878
Receivable from disposal of a subsidiary and brands	*16*	**-**	-
		272,077,304	623,476,780

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB to A+.
- The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments.

C. Financial risk management (continued)

iii. Liquidity risk (continued)

The table below summarizes the contractual maturities of financial liabilities at the end of the reporting period. These amounts are grossed up and undiscounted and include estimated interest payments.

		Contractual cash flow		
Financial Liabilities	**Carrying amount**	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**
31 December 2023				
Loans and borrowings	**2,506,770,776**	**1,178,338,344**	**1,765,079,218**	**-**
Lease liabilities	**2,134,259,647**	**578,755,711**	**929,973,096**	**1,400,516,391**
Trade and other payables	**1,400,086,598**	**1,400,086,598**	**-**	**-**
Bank overdraft	**47,105,695**	**47,105,695**	**-**	**-**
	6,088,222,716	**3,204,286,348**	**2,695,052,314**	**1,400,516,391**
31 December 2022				
Loans and borrowings	2,932,367,738	3,191,330,203	119,528,125	--
Lease liabilities	2,401,952,939	499,010,160	1,117,723,120	1,464,561,891
Trade and other payables	1,111,420,842	1,111,420,842	-	-
Bank overdraft	49,758,105	49,758,105	-	-
	6,495,499,624	4,851,519,310	1,237,251,245	1,464,561,891

All amounts are presented in Saudi Riyals unless otherwise stated.

25. Financial instruments fair values and risk management (continued)

iv. Market risk

Market risk is the risk that changes in the market prices – such as foreign exchange rates and commission rates– will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that's not the Group entities' functional currencies which are Euros, U.S. dollars, Great Britain Pound, United Arab Emirate Dirham and Egyptian Pound. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements.

At the end of the year, the Group had the following significant net currency exposures in foreign currencies. Presented below are the monetary assets and liabilities, net in foreign currencies:

Foreign currency exposures	31 December 2023	31 December 2022
EUR	(57,864,975)	(50,515,697)
USD	(43,294,306)	(54,533,287)
GBP	(1,653,645)	(951,724)
UAE Dirham	(580,913)	(1,199,899)
SGD	(1,188,617)	(2,273,880)

C. Financial risk management (continued)

iv Market risk (continued)

Currency risk (continued)

The following significant exchange rates have been applied:

	Average rate			Year-end spot rate		
	31 December 2023	31 December 2022	1 April 2022	31 December 2023	31 December 2022	1 April 2022
EUR	4.07	4.15	4.43	4.14	4.00	4.29
USD	3.76	3.76	3.76	3.75	3.76	3.76
GBP	4.65	4.82	5.19	4.77	4.52	5.12
UAE Dirham	1.02	1.02	1.03	1.02	1.02	1.02
EGP	0.13	0.18	0.24	0.12	0.15	0.21

Sensitivity analysis
The table below shows the non-pegged currencies to which the Group has a significant exposure on its monetary assets and liabilities. The analysis calculates the effect of reasonable possible movement of the currency rate against SR, with all other variables held constant, on the consolidated statement of profit or loss.

		Currency movement vs. Saudi Riyal (SR)					
		31 December 2023		31 December 2022		1 April 2022	
Foreign currency	Change in currency	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
EUR	+/- 10%	(23,956,000)	23,956,000	(20,225,000)	20,225,000	(27,439,000)	27,439,000
GBP	+/- 10%	(789,000)	789,000	(430,000)	430,000	(538,000)	538,000
UAE Dirham	+/- 10%	(59,253)	59,253	(122,525)	122,525	11,118	(11,118)
CAD	+/- 10%	-	-	(5,000)	5,000	-	-
		(24,804,253)	24,804,253	(20,782,525)	20,782,525	(27,965,882)	27,965,882

25. Financial instruments fair values and risk management (continued)

As the Saudi Riyal is pegged to US Dollar, the Group is not exposed to significant currency risk arising out of US Dollar.

Commission rate risk
It 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. Islamic banking facilities (Murabaha) and Sukuk amounting to SR 2,932 million at 31 December 2023 (31 December 2022: SR 2,932 million and 31 March 2022: SR 2,878 million) bear financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts.

C. Financial risk management (continued)

Sensitivity analysis
The following table demonstrates the sensitivity of the income to reasonable possible changes in the commission rates, with all other variables held constant.

	Currency	Increase / decrease in basis points of commission rates	Effect on income for the period / year
31 December 2023	SR	+30	(3,250,843)
	SR	-30	3,250,843
31 December 2022	SR	+30	(6,370,776)
	SR	-30	6,370,776
31 March 2022	SR	+30	(8,670,089)
	SR	-30	8,670,089

v. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are;
i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Non-controlling interest (NCI)

See accounting policy in Note *6A*.

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations:

Balance at 31 Dec 2023	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Models Own Holding Limited	Egypt	Food Gate Company*	Uzbekistan	Total
NCI percentage	15%	4%	49%	2%	30%	20%	
Non-current assets	74,905,263	58,518,556	-	111,523,884	58,008,821	29,120,089	274,067,792
Current assets	61,271,814	45,968,151	-	43,982,534	20,044,757	9,008,162	160,230,662
Non-current liabilities	(62,695,712)	(47,634,438)	-	(23,641,218)	(49,318,927)	-	(133,971,368)
Current liabilities	(20,768,019)	(7,189,362)	-	(20,377,500)	(84,375,236)	(41,885,690)	(90,220,572)
Net assets	52,713,346	49,662,907	-	111,487,700	(55,640,585)	(3,757,439)	210,106,514
Net assets attributable to NCI	(7,091,746)	1,812,415	-	(4,913,346)	(16,691,571)	(746,932)	(27,631,180)
Revenue	264,747,616	212,594,278	-	38,420,782	155,039,704	-	515,762,676
Profit / (loss)	27,962,278	12,898,944	135,534,559	497,927	(17,431,311)	(4,741,033)	172,152,675
Profit / (loss) allocated to NCI	4,194,342	515,958	66,411,934	9,959	(5,229,393)	(948,207)	64,954,592

Balance at 31 December 2022	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Models Own Holding Limited	Egypt	Food Gate Company*	Azal Restaurants Company*	First Pizza Company*	Total
NCI percentage	15%	4%	49%	2%	30%	35%	49%	
Non-current assets	82,693,784	61,136,214	-	167,576,483	78,817,480	-	-	390,223,961
Current assets	44,123,090	41,032,747	(118,266,348)	46,232,012	14,586,474	-	-	27,707,975
Non-current liabilities	(69,805,185)	(50,375,365)	-	(67,043,358)	(64,522,159)	-	-	(251,746,067)
Current liabilities	(19,192,045)	(14,134,073)	(17,144,230)	(15,308,921)	(23,471,730)	-	-	(89,250,999)
Net assets	37,819,644	37,659,523	(135,410,578)	131,456,216	5,410,065	-	-	76,934,870
Net assets attributable to NCI	(11,242,986)	1,332,280	(66,351,183)	(4,401,884)	(11,462,178)	-	-	(92,125,951)
Revenue	155,559,196	177,094,731	-	52,378,004	129,950,843	28,207,894	17,224,323	560,414,991
Profit / (loss)	16,448,724	20,555,059	-	17,100,240	(3,666,891)	(1,151,567)	(2,273,202)	47,012,363
Profit / (loss) allocated to NCI	2,467,309	822,202	-	342,005	(1,100,067)	(403,048)	(1,113,869)	1,014,532

All amounts are presented in Saudi Riyals unless otherwise stated.

27. Right-of-use assets and lease liabilities

See accounting policy in Note *6T*.

The Group leases stores and warehouses (property leases). The leases typically run for a period of 5 to 10 years, with an option to renew the lease after that date. Information about leases for which the Group is a lessee is presented below.

A. Right-of-use assets

	Note	31 December 2023	31 December 2022 (Restated)
Balance at 1 January / 1 April		**2,347,145,130**	2,397,403,965
Additions		**287,025,112**	192,998,594
Adjustment for termination		**(141,074,847)**	(180,397,907)
Liquidation of subsidiaries		**(24,260,245)**	-
Disposal of subsidiary		-	(62,364,059)
Adjustment for reassessment		**250,638,371**	436,955,413
Depreciation of right-of-use assets for the year from continuing operation	27A	**(407,687,443)**	(423,404,069)
Depreciation of right-of-use assets for the year from discontinuing operation assets held for sale		**(69,187,354)**	-
Forex gain / (loss)		**(9,700,574)**	(14,046,808)
Transfer to disposal group classified as held for sale	35	**(188,217,619)**	-
Balance at 31 December		**2,044,680,531**	**2,347,145,129**

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	31 December 2023	31 December 2022 (Restated)
Non-current portion of lease liabilities	**1,555,503,936**	1,902,942,779
Current portion of lease liabilities	**578,755,711**	499,010,160
Closing balance	**2,134,259,647**	**2,401,952,939**

	Note	31 December 2023	31 December 2022 (Restated)
Balance at 1 January / 1 April		**2,401,952,939**	2,462,100,696
Finance cost from continuing operations		**106,243,873**	84,797,464
Finance cost associated with assets held for sale	35	**11,611,254**	-
Additions		**287,025,111**	192,998,594
Adjustment for termination		**(141,244,804)**	(186,070,000)
Adjustment for reassessment		**250,638,567**	451,547,959
Liquidation of subsidiaries		**(39,040,932)**	-
Disposal of subsidiary		-	(65,171,864)
Rental concession	24E	**(5,062,430)**	(23,441,775)
Forex (gain)/loss		**(23,119,283)**	5,454,061
Payment of lease liability		**(524,898,807)**	(520,262,196)
– principal		**(407,043,680)**	(435,464,732)
– Finance cost from continuing operations		**106,243,873**	(84,797,464)
– Finance cost associated with assets held for sale		**11,611,254**	-
Transfer to liabilities associated with asset held for sale	35	**(189,845,840)**	-
Balance at 31 December		**2,134,259,647**	**2,401,952,939**

All amounts are presented in Saudi Riyals unless otherwise stated.

C. Amounts recognized in profit or loss

	Note	31 December 2023	31 December 2022
Depreciation of right-of-use assets for the year from continuing operation	27A	**407,687,443**	423,404,069
Depreciation of right-of-use assets for the year from discontinuing operation assets held for sale		**69,187,354**	-
Finance cost from continuing operations	27B	**106,243,873**	84,797,464
Finance cost associated with assets held for sale		**11,611,254**	-
Expenses relating to short-term / variable rent leases	24A, B, C	**129,260,378**	50,727,087

28. Derivative Liabilities / Assets

As at 31 December 2023, the Group held Interest Rate Swaps ("IRS") of a notional value of SR 1.1 billion in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 December 2023	31 December 2022
Commission payments on floating rate loan	IRS	Positive	**(31,600,110)**	35,127,274

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

The Group hold interest rate swaps to cover the variable interest rate exposures on its loans from financial institutions. The interest rate swap arrangement does not meet the qualifying hedging criteria as per IFRS 9 requirement and have therefore been carried at fair value through profit or loss.

29. Commitments

As at the reporting date, the Group is committed to capital expenditures of SR 125.1 million (31 December 2022: SR 127.1 million) to purchase property and equipment.

30. Contingencies

As at the reporting date, the Group has outstanding contingencies:

Type	Nature	31 December 2023	31 December 2022
Letter of credits	Purchase of retail trading inventory	**339,913,830**	454,038,547
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	**441,725,839**	575,036,843

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31. Related parties

Related parties comprise shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

A. Key management personnel compensation

Key management personnel compensation is comprised as follows:

	For the twelve months year ended 31 December 2023 (Audited)	For the nine months period ended 31 December 2022 (Audited)
Salaries and short-term benefits	**13,490,569**	6,403,958
Post-employment benefits	**1,304,560**	809,665
Board of Directors and board committees' remuneration and compensation	**3,292,750**	3,937,750
Total key management compensation	**18,087,879**	11,151,373

All amounts are presented in Saudi Riyals unless otherwise stated.

31. Related parties (continued)

B. Other related party transactions

Transactions and balances with related parties, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	Notes	Transaction values: For the twelve months period ended 31 December 2023 (Audited)	Transaction values: For the twelve months period ended 31 December 2022 (unaudited)	Transaction values: For the Nine months period ended 31 December 2022 (unaudited)	Balance outstanding at 31-Dec-23	Balance outstanding at 31-Dec-22
Saudi FAS Holding Company	Shareholder	Expenses paid on behalf of Company		712,497	1,945,727	1,945,727	-	422,781,661
		Receipts		422,069,175	-			
Egyptian Center for Real Estate Development	Affiliate	Rental		-	4,538,128	3,844,186	-	-
Al Farida Trading Agencies	Equity accounted investees	Services / payment made on behalf of Company		9,752,084	7,253,921	6,411,625	16,786,501	12,034,959
		Payment made on our behalf		5,000,542	9,144,590	9,144,590		
Amwal Al Khaleeja Al Oula		Management services		-	-		2,271,205	2,271,205
Food and entertainment co Ltd	Affiliate	Payments made on behalf of the Group		-	25,095,664	25,095,664	14,633,099	14,573,964
Due from related parties				437,534,298	22,882,366	46,441,792	33,690,805	451,661,789
Arabian Centers Company	Affiliate	Rentals		428,433,452	469,520,476	331,315,053	(207,881,881)	(140,393,949)
Food and Entertainment Co. ltd.	Affiliate	Payments made on behalf of Group			-			-
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods		52,268,906	78,414,210	34,595,195	(10,730,207)	(16,035,205)
Noura Bint Mohammed	Affiliate			-	-		-	
Hajen Co. ltd.	Affiliate	Printing and advertisement		2,736,170	3,549,313	2,983,050	(360,436)	(896,540)
Due to related parties				483,438,528	551,483,999	368,893,298	(218,972,524)	(157,325,694)

All amounts are presented in Saudi Riyals unless otherwise stated.

31.2 Related party transactions (continued)

All outstanding balances with these related parties are to be settled in cash within agreed credit period from the date of transaction. There were no past due or impaired receivables from related party hence no expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

32. Standards, interpretations, and amendments to existing standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows:

a. New standards, interpretations and amendments not yet effective

IFRS	Summary	Effective date
IAS 1	Amendment - Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendment - Definition of Accounting Estimates	1 January 2023
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment - Non-current Liabilities with Covenants	1 January 2024

b. New standards, interpretations and amendments effective in the current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

References to Conceptual Framework (Amendments to IFRS 3)
In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- IAS 41: Taxation in Fair Value Measurements.

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Restatement

Right of use assets and lease liabilities

The lease contracts database review was completed by Management and the 3rd party consultant. The review included assessing the accuracy and completeness of information included in the database and the proper recalculations of IFRS 16 models, in accordance with the requirements of International Financial Reporting Standard "IFRS" 16 as endorsed in the Kingdom of Saudi Arabia.

As a result of such revisions the impact was considered in the consolidated financial statement as of and for the for the nine-month period ended 31 December 2022 and as of 31 March 2022.

The following table explains the impact of the restatement on Right of use assets, lease liabilities (current and non-current), right of use amortization, and related finance cost:

31 December 2022	As previously reported	Restatement	As Restated
Assets			
Right-of-use assets	3,110,825,775	(763,680,646)	2,347,145,129
Non-current assets	5,968,901,207	(763,680,646)	5,205,220,561
Total assets	7,916,649,887	(763,680,646)	7,152,969,241
Equity			
Accumulated losses	(292,184,580)	64,599,795	(227,584,785)
Total equity	281,342,099	64,599,795	345,941,894
Liabilities			
Lease liabilities	2,734,453,943	(831,511,164)	1,902,942,779
Non-Current liabilities	2,945,401,971	(831,511,164)	2,113,890,807
Lease liabilities – current portion	640,873,664	(141,863,504)	499,010,160
Trade and other payables	1,111,420,842	145,094,227	1,256,515,069
Current liabilities	4,689,905,817	3,230,723	4,693,136,540
Total liabilities	7,635,307,788	(828,280,441)	6,807,027,347
Total equity and liabilities	7,916,649,887	(763,680,646)	7,152,969,241

1 April 2022	As previously reported	Restatement	As Restated
Assets			
Right-of-use assets	3,275,783,678	(878,379,713)	2,397,403,965
Non-current assets	6,109,985,090	(878,379,713)	5,231,605,377
Total assets	8,241,206,787	(878,379,713)	7,362,827,074
Equity			
Accumulated losses	(1,340,996,552)	58,809,369	(1,282,187,183)
Total equity	145,358,156	58,809,369	204,167,525
Liabilities			
Lease liabilities	2,845,746,744	(856,398,640)	1,989,348,104
Non-Current liabilities	2,948,735,531	(856,398,640)	2,092,336,891
Lease liabilities – current portion	632,273,878	(159,521,278)	472,752,600
Current liabilities	5,147,113,100	(80,790,442)	5,066,322,658
Total liabilities	8,095,848,631	(937,189,083)	7,158,659,548
Total equity and liabilities	8,241,206,787	(878,379,713)	7,362,827,074

33. Restatement (Continue)

For the nine-month period ended 31 December 2022	As Previously reported	Restatement	As Restated
Cost of revenue	(5,038,977,901)	(56,654,514)	(5,095,632,415)
Gross profit	890,915,284	(56,654,514)	834,260,770
Operating profit	355,224,628	(56,654,514)	298,570,114
Finance costs over lease liabilities	(162,605,085)	43,489,695	(119,115,390)
Net finance costs	(264,347,354)	43,489,695	(220,857,659)
Profit before zakat and income tax	84,101,149	(13,164,819)	70,936,330
Profit for the period	50,029,482	(13,164,819)	36,864,663

34. DISPOSAL OF SUBSIDIARIES (D ISCOUNTIUED OPERATIONS)

On 31 December 2023, the Group disposed of its companies' operation in three countries: Balkan, Morocco, and United Kingdom. All assets and liabilities including intergroup balances relating to these operations have been written off on 31 December 2023.

Detail of these combined net assets before written off is as follows:

	SR
Assets	
Right of use asset	8,127,939
Property and equipment	24,260,245
Other intangible assets	4,851,768
Inventories	4,212,768
Prepayments and other current assets	36,679,045
Cash and cash equivalents	2,117,553
Total Assets	**80,249,319**
Liabilities	
Lease liabilities	39,040,933
Accounts payable and accruals	34,085,738
Total Liabilities	**73,126,671**
Net assets written off to P&L	7,122,648
NCI Portion	66,351,183

Profit and Loss Statement relating to these operations is as follows:

	Twelve-month ended 31 Dec 2022 (Audited)	Nine-month ended 31 Dec 2022 (Audited)
Revenue	26,193,536	39,271,310
Cost of revenue	(42,343,342)	(41,950,857)
Gross profit	(16,149,806)	(2,679,547)
Other operating income	6,021,649	(2,827,346)
Selling and distribution expenses	(150,831)	(221,761)
General and administrative expenses	(4,508,587)	(5,030,591)
Depreciation on property and equipment	(1,310,477)	(748,927)
Other operating expense	(2,849,466)	(45,721)
Operating Profit/(loss)	(18,947,518)	(11,553,893)
Finance costs	(1,571,360)	(1,555,586)
Profit before zakat and income tax	(20,518,879)	(13,109,479)
Zakat and Income tax expense	(147,554)	(167,709)
Profit for the year	(20,666,433)	(13,277,188)

All amounts are presented in Saudi Riyals unless otherwise stated.

35.Assets held for sale

The assets and liabilities related to the 16 Fashion Brands (part of the KSA retail operating segment) are presented as held for sale as of 31 December 2023 following the Signing of Letter of Intent by the Company's management during 2023 with other local Retailor. The completion date for the transaction is 8 Feb 2024. The buyer is having an intention of carrying only Property and equipment and inventory. Liabilities relating to these brands will be settled by the Company.

Details of assets and liabilities relating to that Brands are as follows:

	As of 31 Dec 2023,
Assets	
Property and equipment	56,935,761
Right of use assets	188,217,619
Intangible assets	1,053,005
Inventories	57,679,113
Trade and other receivables	6,095,503
Total Assets	**309,981,001**
Liabilities	
Lease liabilities	189,845,840
Trade and other payables	71,115,145
Employee benefits	7,235,893
Total Liabilities	**268,196,878**
Net Assets	**41,784,123**

Profit and Loss Statement relating to 16 Brands is as follows:

	Twelve-month ended 31 Dec 2022 (Audited)	Twelve-month ended 31 Dec 2022 (Unaudited)	Nine-month ended 31 Dec 2022 (Audited)
Revenue	266,921,695	349,296,093	256,223,954
Cost of revenue	(275,396,747)	(357,766,949)	(264,812,883)
Gross profit	(8,475,052)	(8,470,856)	(8,588,929)
		-	-
Other operating income	1,735,362	7,973,704	7,547,463
Selling and distribution expenses	(7,720,307)	(7,975,179)	(6,223,038)
General and administrative expenses	-	(1,043)	-
Depreciation on property and equipment	(8,589,453)	(8,843,168)	(6,757,929)
Amortization on intangible assets	(331,818)	(101,014)	(89,716)
Other operating expense	20,525	-	-
Operating Profit/(loss)	(23,360,743)	(17,417,557)	(14,112,149)
Net finance costs	(10,523,540)	(8,559,338)	(6,031,186)
Profit before zakat and income tax	(33,884,283)	(25,976,895)	(20,143,335)
Zakat and Income tax expense	-	-	-
Profit for the year	(33,884,283)	(25,976,895)	(20,143,335)

36. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on 21 Ramadan 1445H (31 March 2024).

All amounts are presented in Saudi Riyals unless otherwise stated.

This consolidated statement for profit or loss for the twelve-month ended 31 December 2023 and for the twelve-month ended 31 December 2022 were prepared for comparability purposes only.

	Twelve-month ended 31 Dec 2023	Twelve-month ended 31 Dec 2022 (Unaudited)
Revenue	5,232,231,188	5,525,340,901
Cost of revenue	(4,585,724,696)	(4,680,072,668)
Gross (loss)	646,506,492	845,268,233
Other operating income	162,521,629	117,809,594
Selling and distribution expenses	(180,100,886)	(161,002,823)
General and administrative expenses	(394,298,679)	(237,181,699)
Depreciation on property and equipment	(149,588,261)	(141,234,388)
Depreciation on investment properties	(122,400)	(244,800)
Amortization on intangible assets	(14,895,033)	(12,700,054)
Impairment loss on goodwill	(370,000,000)	(70,533,770)
Other operating expense	(340,089,362)	(12,224,875)
Operating (loss)/profit	(640,066,500)	327,955,418
Finance income over derivatives	16,790,729	35,127,274
Finance costs over loans and borrowings	(236,772,862)	(136,869,425)
Finance costs over lease liabilities	(106,243,873)	(107,183,583)
Net finance costs	(326,226,006)	(208,925,734)
Gain on disposal of subsidiary	-	13,372,472
Change in fair value of other investments	(33,000,000)	1,265,564
Share of loss of investment in equity accounted investments	(10,197,675)	(21,414,161)
(Loss)/profit before zakat and income tax	(1,009,490,181)	112,253,559
Zakat and Income tax expense	(48,766,587)	(33,717,127)
Loss/profit for the year/period from continuing operations	(1,058,256,768)	78,536,432
Loss for the year from discontinued operations	(54,550,716)	(41,671,769)
(Loss)/Profit for the year/period	(1,112,807,484)	36,864,663
(Loss)/Profit for the year/period is attributable to:		
Shareholders of the Company	(1,177,762,076)	39,386,109
Non-controlling interests	64,954,592	(2,521,446)
	(1,112,807,484)	36,864,663

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)
Annex (1): Supplementary information - consolidated statement of comprehensive income

This consolidated statement of comprehensive income for the twelve-month ended 31 December 2023 and for the twelve-month ended 31 December 2022 were prepared for comparability purposes only.

	Twelve-month ended 31 Dec 2023	Twelve-month ended 31 Dec 2022 (Unaudited)
(Loss)/profit for the year/period	**(1,112,807,484)**	36,864,663
Items that will not be reclassified to profit or loss:		
Re-measurements of defined benefit liabilities	**1,444,094**	13,393,334
Equity investments at FVOCI – net change in fair value	**-**	42,340,757
	1,444,094	55,734,091
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	**(41,085,988)**	(30,277,134)
	(41,085,988)	(30,277,134)
Other comprehensive (loss)/income for the year/period, net of tax	**(39,641,894)**	25,456,957
Total comprehensive income for the year/period	**(1,152,449,378)**	62,321,620
Total comprehensive (loss)/ income for the year/period attributable to:		
- Shareholders of the Company	**(1,216,742,874)**	66,285,002
- Non-controlling interests	**64,293,496**	(3,963,382)
	(1,152,449,378)	62,321,620

All amounts are presented in Saudi Riyals unless otherwise stated.

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