

Fawaz Abdulaziz Al Hokair & Company
(Cenomi Retail)
(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements
(unaudited)

For the three-month period ended 31 March 2024
together with the

Independent Auditor's Review Report

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock company)
Interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

Contents	Pages
Independent auditor's report on the review of interim condensed consolidated financial statements	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7 - 8
Notes to the interim condensed consolidated financial statements	9 – 27

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF FAWAZ ABDULAZIZ AL HOKAIR & COMPANY
(A SAUDI JOINT STOCK COMPANY)**

RIYADH, KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fawaz Abdulaziz Al Hokair & Company (the "Company") and its subsidiaries (together "The Group"), a Saudi Joint Stock Company as of 31 March 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

MATERIAL UNCERTAINTY RELTAED TO GOING CONCERN

We draw attention to note (3.2) of the accompanying interim condensed consolidated financial statements, which indicates that the Group incurred a net loss of SR 152 million for the period ended 31 March 2024, and as of that date it recorded accumulated losses of SR 1,556 million. In addition, the Group's current liabilities exceeded its current assets by SR 3,056 million as of 31 March 2024. These events or conditions, along with other matters as set forth in details in note (3.2) to the accompanying interim condensed 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 conclusion is not modified in respect of this matter.

OTHER MATTER

As described in note (19) to the accompanying interim condensed consolidated financial statements of the group, the interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows as of and for the period ended 31 March 2023 have been restated.

For BDO Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 18 Dhul-Qadah 1445(H)
Corresponding to: 26 May 2024(G)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Interim condensed consolidated statement of financial position

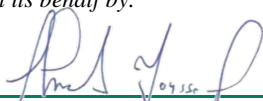
As at 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31-Mar 2024 (Unaudited)	31-Dec 2023 (Audited)
Assets			
Property and equipment	6	1,154,763,827	1,149,972,559
Right-of-use assets		1,896,348,111	2,044,680,531
Goodwill and intangible assets		754,786,118	755,769,637
Investment property		1,234,200	1,264,800
Equity accounted investments	7	68,018,658	64,828,779
Other investments	8	37,615,644	74,189,014
Non-current assets		3,912,766,558	4,090,705,320
Inventories	9	770,645,711	793,514,780
Advances, deposits and other receivables		337,069,732	302,375,326
Prepayments		44,450,474	25,799,402
Cash and cash equivalents		167,966,974	235,247,382
Current assets		1,320,132,891	1,356,936,890
Assets held for sale	20	-	309,981,001
Total assets		5,232,899,449	5,757,623,211
Equity			
Share capital		1,147,664,480	1,147,664,480
Regulatory reserve		-	-
Foreign currency translation reserve		(602,242,690)	(564,513,223)
Fair value reserve		31,243,482	42,076,481
Accumulated losses		(1,555,718,586)	(1,403,902,766)
Equity attributable to the shareholders of the Company		(979,053,314)	(778,675,028)
Non-controlling interest		(28,298,383)	(27,631,180)
Total equity		(1,007,351,697)	(806,306,208)
Liabilities			
Loans and borrowings	10	186,340,646	208,526,542
Lease liabilities		1,543,723,476	1,555,503,936
Derivative liability		42,409,508	31,600,110
Employees' benefits		91,872,041	89,333,116
Non-Current liabilities		1,864,345,671	1,884,963,704
Loans and borrowings – current portion	10	2,110,706,890	2,298,244,234
Lease liabilities – current portion		491,548,694	578,755,711
Trade and other payables		1,643,394,464	1,400,086,598
Bank's overdraft		48,194,708	47,105,695
Zakat and tax liabilities		82,060,719	86,576,599
Current liabilities		4,375,905,475	4,410,768,837
Liabilities associated with assets as held for sale	20	-	268,196,878
Total liabilities		6,240,251,146	6,563,929,419
Total equity and liabilities		5,232,899,449	5,757,623,211

The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.

These Interim condensed consolidated financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:



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)

Interim condensed consolidated statement of profit or loss

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 Mar 2023 (Unaudited) Restated
Revenue	13	1,329,810,325	1,330,772,838
Cost of revenue	14	(1,212,614,944)	(1,174,753,784)
Gross profit		117,195,381	156,019,054
Other operating income	15 b	49,663,400	58,698,688
Selling and distribution expenses		(49,294,120)	(49,688,237)
General and administrative expenses		(91,358,758)	(87,247,763)
Depreciation on property and equipment		(33,385,670)	(36,729,285)
Depreciation on investment property		(30,600)	(30,600)
Amortization on intangible assets		(3,640,685)	(3,517,432)
Other operating expense	15 a	(18,149,912)	(8,616,008)
Operating (loss) / profit		(29,000,964)	28,888,417
Finance costs over derivative liabilities		(14,748,640)	(2,117,537)
Finance costs over loans and borrowings		(50,511,706)	(49,143,666)
Finance costs over lease liabilities		(28,255,174)	(21,925,101)
Net finance costs		(93,515,520)	(73,186,304)
Share of loss of equity-accounted investees	7	(191,797)	(1,614,747)
Loss before zakat and income tax		(122,708,281)	(45,912,634)
Zakat and Income tax expense		(11,783,583)	(4,421,664)
Loss for the period from continuing operations		(134,491,864)	(50,334,298)
Loss for the period from discontinued operations	20	(17,243,680)	(5,602,397)
loss for the period		(151,735,544)	(55,936,695)
(Loss) / profit for the period is attributable to:			
Shareholders of the Company		(151,815,820)	(55,399,329)
Non-controlling interests		80,276	(537,366)
		(151,735,544)	(55,936,695)
Loss per share			
Basic and diluted loss per share	11		
- from continuing operations		(1.17)	(0.43)
- from discontinuing operations		(0.15)	(0.05)

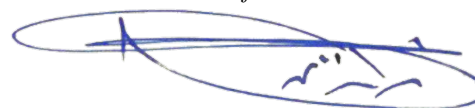
The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.



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)

Interim condensed consolidated statement of Comprehensive income

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited) Restated
Loss for the period		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net change in fair value	(151,735,544)	(55,936,695)
	(10,832,999)	-
	(10,832,999)	-
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	(38,476,946)	(17,226,581)
	(38,476,946)	(17,226,581)
Other comprehensive loss for the period	(49,309,945)	(17,226,581)
Total comprehensive loss for the period	(201,045,489)	(73,163,276)
Total comprehensive loss for the period attributable to:		
- Shareholders of the Company	(200,378,286)	(74,218,981)
- Non-controlling interests	(667,203)	1,055,705
	(201,045,489)	(73,163,276)

The attached notes from 1 to 20 are an integral part of these interim condensed 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)

Interim condensed consolidated statement of changes in equity

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Share capital	Foreign currency translation reserve	Fair value reserve	(Accumulated losses)	Total shareholders' equity	Non-Controlling interest	Total equity
Balance at 1 January 2023	1,147,664,480	(524,088,331)	42,076,481	(292,184,580)	373,468,050	(92,125,951)	281,342,099
Restatement	-	-	-	64,599,796	64,599,796	-	64,599,796
Balance at 1 January 2023 (Restated)	1,147,664,480	(524,088,331)	42,076,481	(227,584,784)	438,067,846	(92,125,951)	345,941,895
Total comprehensive income/(loss) for the period							-
Loss for the period	-	-	-	(55,399,329)	(55,399,329)	(537,366)	(55,936,695)
Other comprehensive loss	-	(16,708,242)	-	-	(16,708,242)	(518,339)	(17,226,581)
Total comprehensive loss for the period	-	(16,708,242)	-	(55,399,329)	(72,107,571)	(1,055,705)	(73,163,276)
Balance at 31 Mar 2023 (restated)	1,147,664,480	(540,796,573)	42,076,481	(282,984,113)	365,960,275	(93,181,656)	272,778,619
Balance at 1 January 2024	1,147,664,480	(564,513,223)	42,076,481	(1,403,902,766)	(778,675,028)	(27,631,180)	(806,306,208)
Total comprehensive income/(loss) for the period							
(Loss) / profit for the period	-	-	-	(151,815,820)	(151,815,820)	80,276	(151,735,544)
Other comprehensive loss	-	(37,729,467)	(10,832,999)	-	(48,562,466)	(747,479)	(49,309,945)
Total comprehensive loss for the period	-	(37,729,467)	(10,832,999)	(151,815,820)	(200,378,286)	(667,203)	(201,045,489)
Balance at 31 March 2024	1,147,664,480	(602,242,690)	31,243,482	(1,555,718,586)	(979,053,314)	(28,298,383)	(1,007,351,697)

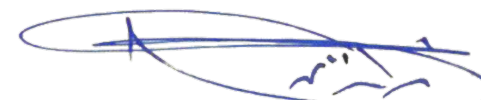
The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.



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)

Interim condensed consolidated statement of cash flows

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2024 (Unaudited)	For the three- month period ended 31 March 2023 (Unaudited) Restated
Cash flows from operating activities:		
Loss for the period	(151,735,544)	(55,936,695)
<i>Adjustments for:</i>		
- Depreciation on property and equipment	34,220,564	39,222,201
- Depreciation on investment property	30,600	30,600
- Amortization on intangible assets	3,681,999	3,608,727
- Depreciation on right-of-use assets	101,474,572	123,476,832
- Provision for employees' benefits	6,624,297	16,374,057
- Provision for inventory shrinkage and slow-moving inventory	17,331,899	12,301,704
- Expected credit loss	10,125,564	-
- (Gain) / loss on lease termination	(6,800,973)	558,201
- Zakat and income tax expense	11,783,583	4,463,277
- Finance cost over loans and borrowings	50,712,484	49,246,797
- Finance cost over lease liabilities	29,226,258	24,353,398
- Losses from Fair value re-measurement over derivative liabilities	14,748,640	2,117,537
- Share of loss from equity accounted investments	191,797	1,614,747
- Loss on disposal of property and equipment and intangibles	4,318,821	162,603
- Store closure losses	446,795	3,590,185
- Directly written off inventory		10,472,089
- Rental concession for leases		(5,483,861)
- Gain on disposal of discontinued operation	(34,567,414)	-
- Write off of property and equipment and intangibles		97,674
	91,813,942	230,270,073
Changes in:		
- Inventories	45,707,465	(159,719,938)
- Advances, deposits and other receivables	(36,727,347)	111,182,363
- Prepayments	(27,106,235)	(18,242,921)
- Trade and other payables	248,226,499	143,521,745
Cash generated from operating activities	321,914,324	307,011,322
Zakat and income tax paid	(16,151,909)	(12,347,677)
Employees benefits paid	(11,468,819)	(8,650,254)
Net cash from operating activities	294,293,596	286,013,391
Cash flows from investing activities:		
Proceeds on disposal of assets held for sale	90,983,195	-
Purchase of property and equipment	(47,877,788)	(63,094,115)
Purchase of investment in equity accounted investments	(3,381,676)	(10,387,150)
Disposal of cash margin	-	902,000
Purchase of intangible assets	(2,391,020)	(10,452,961)
Net cash from investing activities	37,332,711	(83,032,226)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim Condensed consolidated statement of cash flows (continued)

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited) Restated
Cash flows from financing activities:		
Payments of loans and borrowings	(251,552,679)	(110,944,926)
Additions in loans and borrowings	41,628,662	29,396,704
Payments of finance costs over loans and borrowings	(100,819,872)	(49,246,797)
Payments of lease liabilities	(47,289,006)	(84,572,417)
Payments of finance costs over lease liabilities	(29,226,258)	(35,722,820)
Net cash used in financing activities	(387,259,153)	(251,090,256)
Net decrease in cash and cash equivalents	(55,632,846)	(48,109,091)
Foreign currency exchange translation differences	(12,736,575)	(1,195,746)
Cash and cash equivalents at the beginning of period	188,141,687	144,067,171
Cash and cash equivalents at end of period	119,772,266	94,762,334

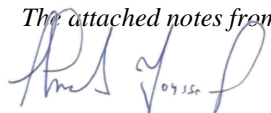
	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited) Restated
Non-Cash Transactions:		
Advances, deposits and other receivables	1,997,120	-
Trade and other payables (*)	25,453,306	-

(*) Represents amounts paid by Abdullah Al Othaim Fashion Company on behalf of the Company to settle liabilities related to the brands which have been sold in the first quarter of 2024. These amounts were settled within the change in Trade and other payables as non-cash transactions. This brings the sale total consideration for an amount of SR 118,433,621 – Note (20).

Cash and cash equivalent comprise of:

	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited)
Bank balances	145,541,743	54,041,744
Cash in hand	22,425,231	90,983,461
Cash and cash equivalents in condensed consolidated statement of financial position	167,966,974	145,025,205
Bank's overdraft	(48,194,708)	(50,262,871)
Cash and cash equivalents in condensed consolidated statement of cash flows	119,772,266	94,762,334

The attached notes from 1 to 20 are an integral part of these interim condensed 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)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

2. REPORTING ENTITY

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2024 and 31 December 2023:

				Ownership interest held by the Group as at:	
No	Subsidiaries	Country of incorporation	Business Activity	31 March 2024	31 December 2023
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
24	Multi Trends Co.	Morocco	Retail	-	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
28	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	-	100
29	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	-	100
30	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	-	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

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

2. REPORTING ENTITY (CONTINUED)

				Ownership interest held by the Group as at:	
No	Subsidiaries	Country of incorporation	Business Activity	31 March 2024	31 December 2023
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
46	Models Own Limited	United Kingdom	Retail	-	51
47	Models Own International Ltd.	United Kingdom	Retail	-	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	80
58	Fashion Retail Store	Uzbekistan	Retail	80	80
59	Master Retail Store	Uzbekistan	Retail	80	80
60	Retail Boutique	Uzbekistan	Retail	80	80
61	Retail Group Global	Uzbekistan	Retail	80	80
62	Retail Group Store	Uzbekistan	Retail	80	80
63	Retail Store Pro	Uzbekistan	Retail	80	80
64	Spanish Store	Uzbekistan	Retail	80	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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

3. BASIS OF ACCOUNTING

3.1 STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual Consolidated Financial Statements as at and for the period ended 31 December 2023 (“last annual consolidated financial statements”). These interim condensed consolidated financial statements do not include all of the information required for a complete set of IFRS Financial Statements; however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

The interim condensed consolidated financial statements were approved by the Board of Directors for issuance on 10 Dhul-Qadah 1445 (H) (corresponding to 18 May 2024 (G)).

3.2 GOING CONCERN BASIS OF ACCOUNTING

The Group incurred a net loss of SR 152 million for the period ended 31 March 2024, resulting in the accumulated losses to be SR 1,556 million. As of that date, the Company’s current liabilities exceeded its current assets by SR 3,056 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 March 2024. 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 10). 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 exiting 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 2024, the Group has recognized positive gross profits of SR 117 million (2023: SR 156 million), and cash inflows from operating activities of SR 198 million (2023: SR 286 million).

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

3.3 PREPARATION OF FINANCIAL STATEMENTS

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

- Other investments at fair value;
- Derivative liabilities at fair value; and
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

3.4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

5. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2024 and have been explained in the Group's annual consolidated financial statements for the year ended 31 December 2023. These amendments do not have a material effect on the Group's interim condensed consolidated financial statements for the three-month period ended 31 March 2024.

6. PROPERTY AND EQUIPMENT

During the three-month period ended 31 March 2024, the Group added property and equipment with a cost of SR 60 million (three-month period ended 31 March 2023: SR 63 million) and disposal with a net book value SR 4 million (three-month period ended 31 March 2023: SR 0.2 million). Also, during the three-month period ended 31 March 2024, the depreciation charge for three-month period amounted to SR 34 million (three-month period ended 31 March 2023: SR 39 million) and the Group incurred a loss on disposal off property and equipment amounting to SR 4 million (three-month period ended 31 March 2023 SR 0.16 million).

7. EQUITY ACCOUNTED INVESTMENTS

	FAS LAB (i)
Balance at 1 Jan 2023 (Audited)	62,139,303
Addition	12,887,150
Share of loss	(10,197,674)
Balance at 31 December 2023 (Audited)	64,828,779
Addition	3,381,676
Share of loss	(191,797)
Balance at 31 March 2024 (Unaudited)	68,018,658

- (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. The Group has assessed its stake in FAS Lab Company to be a significant influence and not a control based on its Board of Directors' representation in the investee and related voting rights.

8. OTHER INVESTMENTS

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Equity securities at FVTPL (i)	Equity securities at FVOCI (ii)	Pledged term deposit	Total
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)
Expected credit loss	(43,125,564)	-	-	(43,125,564)
Unrealized currency exchange differences	-	(18,742,465)	-	(18,742,465)
Balance at 31 December 2023	-	74,189,014	-	74,189,014
FV loss through OCI	-	(10,906,945)	-	(10,906,945)
Exchange difference	-	(25,666,425)	-	(25,666,425)
Balance at 31 March 2024 (Unaudited)	-	37,615,644	-	37,615,644

- 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 2023, 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 and the remaining amount of the asset equal to SR 10 million was transferred to advances, deposits and other receivables. During 2024, SR 10 million has been written off.
- ii. On 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 March 2024, investment in ECRED has been valued at SR 37.6 million (31 December 2023: 74.2 million).

9. INVENTORIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Finished goods		
- Available for sale	785,763,845	767,902,945
- Goods in transit	27,681,929	48,336,268
Consumables and supplies	8,316,076	11,059,807
Gross inventories	821,761,850	827,299,020
Provision for inventory	(51,116,139)	(33,784,240)
Net inventories	770,645,711	793,514,780

10. LOANS AND BORROWINGS

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2023 (Unaudited)	31 December 2023 (Audited)
Islamic facility with banks (Murabaha)	(i)	1,931,655,945	2,134,844,681
Islamic facility with banks (Murabaha)	(ii)	149,845,940	150,000,000
Islamic banking facilities of non-GCC subsidiaries	(iii)	12,726,490	11,502,367
Banking Facilities of GCC subsidiaries	(iv)	139,146,449	145,684,436
Banking facilities of non-GCC subsidiaries	(v)	63,672,712	64,739,292
		2,297,047,536	2,506,770,776
Short term borrowings		110,342,434	34,132,878
Current portion of long-term borrowings		2,000,364,456	2,264,111,356
Loans and borrowings - current liabilities		2,110,706,890	2,298,244,234
Loans and borrowings – non-current liabilities		186,340,646	208,526,542
		2,297,047,536	2,506,770,776

- 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 Semi-annual installments commencing after 12 months from the date of signing the agreement. As at 31 March 2024, 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 March 2024, there has been non-compliance of certain covenants on the outstanding facility.

The Murabaha terms agreement between the company and the lending banks mandates that the current breach of financial covenants is considered a default event, which in turn allows the banks to declare the immediate maturity of the entire outstanding balance of the loan. Accordingly, the long-term loan balance was reclassified to be part of current liabilities in the condensed consolidated statement of financial position.

- 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 non-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.

11. LOSS PER SHARE

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

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

	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited) Restated
Weighted average number of ordinary shares	114,766,448	114,766,448
Loss attributable to ordinary shareholders from:		
Continuing Operations	(17,243,680)	(5,602,397)
Discontinuing Operations	(134,572,140)	(49,796,932)
Basic and diluted loss per share from:		
Continuing Operations	(1.17)	(0.43)
Discontinuing Operations	(0.15)	(0.05)

12. OPERATING SEGMENTS

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 segment:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwear's & accessories through retail outlets
Indoor entertainment	Kids Play Centers
Food & Beverages	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 and Armenia.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

12. OPERATING SEGMENTS (CONTINUED)

B. INFORMATION ABOUT REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION

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

	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continued operations	Discontinued operations					Continued operations	Discontinued operations	Continued operations	Discontinued operations		
	Amount in SR'000						Amount in SR'000					
31 March 2024												
Profit or loss												
Sales	1,221,816	30,814	21,537	86,457	-	1,360,624	1,060,921	30,814	268,889	-	-	1,360,624
Depreciation and amortization	(29,382)	(876)	(3,492)	(4,183)	-	(37,933)	(29,953)	(876)	(7,104)	-	-	(37,933)
Finance charges	(91,756)	(1,172)	(52)	(1,707)	-	(94,687)	(86,156)	(1,172)	(7,359)	-	-	(94,687)
Net profit / (loss)	(135,084)	(17,244)	1,773	(1,181)	-	(151,736)	(143,161)	(17,244)	8,669	-	-	(151,736)
Statement of financial position												
Non-current assets	7,054,693	-	53,759	212,996	(3,408,681)	3,912,767	6,834,926	-	486,522	-	(3,408,681)	3,912,767
Current assets	1,336,548	-	(41)	(16,374)	-	1,320,133	1,035,568	-	284,565	-	-	1,320,133
Total liabilities	(5,981,638)	-	(50,863)	(207,750)	-	(6,240,251)	(5,626,337)	-	(613,914)	-	-	(6,240,251)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continued operations	Discontinued operations					Continued operations	Discontinued operations	Continued operations	Discontinued operations		
	Amount in SR'000						Amount in SR'000					
31-Mar-23												
Profit or loss												
Sales	1,214,899	89,780	22,810	93,064	-	1,420,553	1,095,457	81,610	235,316	8,170	-	1,420,553
Depreciation and amortization	(30,901)	(2,584)	(3,912)	(5,465)	-	(42,862)	(33,609)	(2,253)	(6,669)	(331)	-	(42,862)
Finance charges	(71,475)	(2,531)	(49)	(1,663)	-	(75,718)	(68,525)	(2,146)	(4,661)	(386)	-	(75,718)
Net profit / (loss)	(47,409)	(5,602)	1,496	(4,421)	-	(55,936)	(50,984)	(2,991)	650	(2,611)	-	(55,936)
31 December 2023												
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)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

13. REVENUE

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:

	Three-month period ended 31 March 2024 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	820,923,849	241,423,893	1,062,347,742
Footwear & accessories	27,762,450	5,316,974	33,079,424
Others	125,778,022	611,166	126,389,188
Fashion retail	974,464,321	247,352,033	1,221,816,354
Food & beverages	86,456,816	-	86,456,816
Indoor entertainment	-	21,537,155	21,537,155
Total revenue	1,060,921,137	268,889,188	1,329,810,325

	Three-month period ended 31 March 2023 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	864,342,046	207,874,015	1,072,216,061
Footwear & accessories	33,056,004	1,871,176	34,927,180
Others	105,301,979	872,608	106,174,587
Fashion retail	1,002,700,029	210,617,799	1,213,317,828
Food & beverages	94,645,238	-	94,645,238
Indoor entertainment	-	22,809,772	22,809,772
Total revenue	1,097,345,267	233,427,571	1,330,772,838

14. COST OF REVENUE

	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited) Restated
Cost of sales	920,205,713	853,217,447
Employees' salaries and benefits	131,770,977	141,919,908
Depreciation on right-of-use asset	95,483,636	105,046,044
Rent expense	21,003,786	28,718,108
Utilities and maintenance	16,663,957	17,650,880
Travelling	1,722,348	2,020,002
Others	25,764,527	26,181,395
	1,212,614,944	1,174,753,784

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

15. OTHER OPERATING EXPENSES & INCOME

a) OTHER OPERATING EXPENSES

	Note	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)
Expected credit loss		10,125,564	-
Loss on disposal of property and equipment		4,318,821	162,603
Other operating expense		3,258,732	-
Store closure losses		446,795	3,590,185
Foreign exchange loss		-	4,863,220
		18,149,912	8,616,008

b) OTHER OPERATING INCOME

		Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited) Restated
Gain on disposal of brands	20	34,567,414	-
Foreign exchange gain, net		5,200,449	-
Gain on lease termination		184,787	(558,201)
Support from landlord		-	46,474,000
Rental concession for leases		-	4,724,256
Others		9,710,750	8,058,633
		49,663,400	58,698,688

16. 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.

16.1 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation is comprised as follows:

	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)
Salaries and short-term benefits	5,414,783	1,822,512
Post-employment benefits	1,560,692	687,729
Board of Directors and board committees' remuneration	2,944,304	420,000
Total key management compensation	9,919,779	2,930,241

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

16. RELATED PARTIES (CONTINUED)

16.2 RELATED PARTY TRANSACTIONS

Transactions with related parties carried out during the period, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	Transaction values (three months ended)		Balance outstanding at	
			31-Mar-24	31-Mar-23	31-Mar-24	31-Dec-23
Saudi FAS Holding Company	Shareholder	Payments made	-	107,500	-	-
		Receipts	-	150,000,000	-	-
Egyptian Center for Real Estate Development	Affiliate	Rental	347,564	835,418	-	-
Al Farida Trading Agencies	Equity accounted investees	Services / payment made on behalf of Company	1,869,205	1,633,565	17,967,871	16,786,501
Amwal Al Khaleeja Al Oula	Affiliate	Payment made on our behalf	687,835	63,672	-	-
		Management services	-	-	2,271,205	2,271,205
Food and entertainment co Ltd	Affiliate	Payments made on behalf of the Group	-	-	14,633,099	14,633,099
Due from related parties			2,904,604	152,640,155	34,872,175	33,690,805
Arabian Centers Company	Affiliate	Rental payments	9,158,520	252,112,626	(255,118,960)	(207,881,881)
		Landlord support received	-	32,524,000	-	-
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods	7,873,332	12,019,050	(10,385,265)	(10,730,207)
Hajen Co. ltd.	Affiliate	Printing and advertisement	216,251	708,208	(232,650)	(360,436)
Due to related parties			17,248,103	297,363,884	(265,736,875)	(218,972,524)

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Notes to the interim condensed consolidated
financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

16. RELATED PARTIES (CONTINUED)

16.2 RELATED PARTY TRANSACTIONS (CONTINUED)

All outstanding balances with these related parties are to be settled in cash within the agreed credit period from the date of transaction. There were no past due or impaired receivables from the 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.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. ACCOUNTING CLASSIFICATION AND FAIR VALUES

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI, FVTPL equity investments and derivatives which are carried at fair values, differences can arise between the book values and fair value estimates.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Notes to the interim condensed consolidated
financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

31 March 2024 (Unaudited)					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets / (liabilities)					
FVTPL					
Derivative liabilities	(42,409,508)	-	(42,409,508)	-	(42,409,508)
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	37,615,644	-	-	37,615,644	37,615,644
31 December 2023 (Audited)					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets/liabilities					
FVTPL					
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

FINANCIAL LIABILITIES

All financial liabilities are measured at amortized cost using the effective interest rate method and as a result the carrying amounts are reasonable approximation of its fair values.

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	<p>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.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

Type	Valuation technique and significant unobservable inputs
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.

As at 31 March 2024, the Group held Interest Rate Swaps (“IRS”) of a notional value of SR 250 million in order to reduce its exposure to commission rate risks against long term financing. The Group holds 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.

C. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market 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.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C-1. 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:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash at bank	145,541,743	214,358,669
Advances, deposits and other receivables	57,951,665	57,718,635
	203,493,408	272,077,304

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+.
- Advances, deposits and other receivables are shown net of allowance for impairment on these balances. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of other receivables.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

C-2 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-3 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.

18. COMMITMENTS AND CONTINGENCIES

As at the reporting date, the Group is committed to capital expenditures of SR 114.9 million (31 December 2023: SR 113.7 million) to purchase property and equipment.

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

Type	Nature	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Letter of credits	Purchase of retail trading inventory	248,673,639	339,913,830
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	434,775,877	441,725,839

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

19. RESTATEMENT OF PRIOR PERIOD

Certain of the prior period amounts have been restated as explained below:

19.1 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	As previously reported	Adjustment	As restated
1 January 2023			
Accumulated losses (Note A)	(292,184,580)	64,599,796	(227,584,784)

Note A:

During 2023, Management completed its review and assessment of its Right of use assets, lease liabilities and their related amortization and finance costs which resulted in restating accumulated losses - as at 1 January 2023 - by a profit of SR 64.6 million.

19.2 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3-months ended 31 March 2023 (Unaudited)	3-months ended 31 March 2023 (Unaudited)	3-months ended 31 March 2023 (Unaudited)
Revenue	1,420,552,974	-	1,420,552,974
Cost of revenue	(1,253,688,747)	(9,936,196)	(1,263,624,943)
Gross profit/(loss)	166,864,227	(9,936,196)	156,928,031
Other operating income	72,679,225	(13,059,446)	59,619,779
Operating profit / (loss)	48,854,703	(22,995,642)	25,859,061
Finance costs over lease liabilities	(35,722,820)	11,369,422	(24,353,398)
Net finance costs	(87,087,154)	11,369,422	(75,717,732)
Loss before zakat and income tax	(39,847,198)	(11,626,220)	(51,473,418)
Loss for the period	(44,310,475)	(11,626,220)	(55,936,695)
Total comprehensive loss for the period	(61,537,056)	(11,626,220)	(73,163,276)

19.3 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	3-months ended 31 March 2023 (Unaudited)	3-months ended 31 March 2023 (Unaudited)	3-months ended 31 March 2023 (Unaudited)
Loss for the period	(44,310,475)	(11,626,220)	(55,936,695)
Depreciation on right-of-use assets	113,540,636	(9,936,196)	123,476,832
Gain / (loss) on lease termination	(12,501,245)	13,059,446	558,201
Finance cost over lease liabilities	35,722,820	(11,369,422)	24,353,398

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(All Amounts in Saudi Riyals unless otherwise stated)

20. 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 a share purchase agreement by the Company's management during 2023 with other local Retailor. The completion date for the transaction was 8 Feb 2024.

Details of assets and liabilities relating to that Brands are as follows:

	Date of disposal
Assets	
Property and equipment	58,576,150
Inventories	17,508,818
Other current assets	8,455,163
Total assets	84,540,131
Liabilities	
Trade payables and accruals	673,924
Total liabilities	673,924
Net assets disposed off	83,866,207
Consideration	118,433,621
Gain on disposal of brands	34,567,414

Profit and Loss Statement relating to 16 Brands is as follows:

	Three month ended 31 March 2024	Three month ended 31 March 2023
Revenue	30,814,099	89,780,136
Cost of revenue	(52,146,537)	(88,871,159)
Gross profit	(21,332,438)	908,977
Other operating income	6,302,603	2,331,941
Selling and distribution expenses	(165,776)	(2,792,885)
General and administrative expenses	-	(892,710)
Depreciation on property and equipment	(834,894)	(2,492,916)
Amortization on intangible assets	(41,314)	(91,295)
Other operating expense	-	(469)
Operating loss	(16,071,819)	(3,029,357)
Finance costs over loans and borrowings	(200,777)	(103,131)
Finance costs over lease liabilities	(971,084)	(2,428,297)
Net finance costs	(1,171,861)	(2,531,428)
Share of loss of equity-accounted investees	-	-
Profit before zakat and income tax	(17,243,680)	(5,560,785)
Zakat and Income tax expense	-	(41,613)
Profit for the year	(17,243,680)	(5,602,398)

As of the end date of Q1 2024, a variation agreement to the original share purchase agreement has been signed with Abdullah Al-Othaim Fashion Company to sell the franchise rights for additional 5 Brands and their related assets for an amount of SR 219 million, in addition to a consideration related to inventory which will be agreed after count completion. The agreement is subject to a number of pre-closing regulatory and commercial conditions for the sale to be completed.