

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

Interim condensed consolidated financial statements  
(unaudited)  
For the three and nine-month periods ended 30 September 2023  
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 and nine month periods ended 30 September 2023

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**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 at 30 September 2023 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine month periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies 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 that is endorsed in the Kingdom of Saudi Arabia.

**EMPHASIS OF A MATTER - COMPARITIVE INFORMATION**

We draw attention to note (20) of the accompanying interim condensed consolidated financial statements, which indicates that the comparative information presented as at 31 December 2022, and for the three-month and nine-month periods ended 30 September 2022 has been restated. Our conclusion is not modified in respect of this matter.

**For Dr. Mohamed Al-Amri & Co.**

Gihad Al-Amri  
Certified Public Accountant  
License No. 362



Riyadh, on: 2 Jumada Al-Oula 1445(H)  
Corresponding to: 16 November 2023(G)

**Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of financial position**

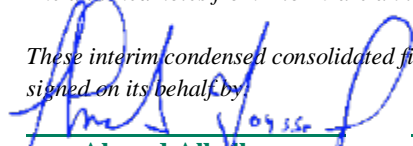
As at 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

		As of 30-Sep 2023	As of 31-Dec 2022	As of 31-Mar 2022
	Notes	(Unaudited)	(Audited) Restated – Note 20	(Audited) Restated – Note 20
<b>Assets</b>				
Property and equipment	6	1,410,439,942	1,324,328,435	1,358,326,395
Right-of-use assets	20.2	2,228,543,143	2,347,145,129	2,397,403,965
Goodwill and intangible assets		1,195,144,709	1,120,845,679	1,083,033,024
Investment property		1,295,400	1,387,200	1,509,600
Investment in equity accounted investments	7	67,987,024	62,139,303	62,024,793
Other investments	8	74,194,427	314,247,541	299,690,686
Derivative assets		-	35,127,274	29,616,914
<b>Non-current assets</b>		<b>4,977,604,645</b>	<b>5,205,220,561</b>	<b>5,231,605,377</b>
Inventories	9, 20.1a	932,581,929	1,000,279,166	1,395,081,129
Advances, deposits and other receivables		495,963,901	718,198,081	474,615,226
Prepayments		33,415,514	35,446,157	63,637,597
Cash and cash equivalents		367,603,877	193,825,276	197,887,745
<b>Current assets</b>		<b>1,829,565,221</b>	<b>1,947,748,680</b>	<b>2,131,221,697</b>
Non-current asset held for sale	10	57,125,564	-	-
<b>Total assets</b>		<b>6,864,295,430</b>	<b>7,152,969,241</b>	<b>7,362,827,074</b>
<b>Equity</b>				
Share capital		1,147,664,480	1,147,664,480	2,100,000,000
Regulatory reserve		-	-	-
Foreign currency translation reserve		(559,304,888)	(524,088,331)	(519,515,816)
Fair value reserve		42,076,481	42,076,481	12,949,544
Accumulated losses	20	(319,365,254)	(227,584,785)	(1,282,187,183)
<b>Equity attributable to the shareholders of the Company</b>		<b>311,070,819</b>	<b>438,067,845</b>	<b>311,246,545</b>
<b>Non-controlling interests</b>		<b>(89,997,534)</b>	<b>(92,125,951)</b>	<b>(107,079,020)</b>
<b>Total equity</b>		<b>221,073,285</b>	<b>345,941,894</b>	<b>204,167,525</b>
<b>Liabilities</b>				
Loans and borrowings – noncurrent portion	11	195,628,929	115,000,000	-
Lease liabilities – noncurrent portion	20.2	1,876,518,985	1,902,942,779	1,989,348,104
Derivative liabilities		50,608,327	-	-
Employees' benefits		111,322,103	95,948,028	102,988,787
<b>Non-current liabilities</b>		<b>2,234,078,344</b>	<b>2,113,890,807</b>	<b>2,092,336,891</b>
Loans and borrowings – current portion	11	2,646,817,578	2,817,367,738	2,877,891,969
Lease liabilities – current portion	20.2	484,742,472	499,010,160	472,752,600
Trade and other payables		1,151,034,866	1,256,515,069	1,575,188,768
Bank's overdraft		49,869,357	49,758,105	50,119,035
Zakat and tax liabilities		76,679,528	70,485,468	90,370,286
<b>Current liabilities</b>		<b>4,409,143,801</b>	<b>4,693,136,540</b>	<b>5,066,322,658</b>
<b>Total liabilities</b>		<b>6,643,222,145</b>	<b>6,807,027,347</b>	<b>7,158,659,549</b>
<b>Total equity and liabilities</b>		<b>6,864,295,430</b>	<b>7,152,969,241</b>	<b>7,362,827,074</b>

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 issuance by the Board of Directors, and signed on its behalf by

  
**Ahmed Albelbesy**  
Chief Financial Officer

  
**Gunther Helm**  
Chief Executive Officer

  
**Fawaz Abdulaziz Al Hokair**  
Chairman

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

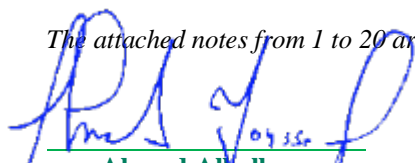
## Interim condensed consolidated statement of profit or loss

For the three and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Three-month ended 30 September 2023 (Unaudited)	Three-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>	Nine-month ended 30 September 2023 (Unaudited)	Nine-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>
Revenue	14	1,186,814,313	1,372,874,897	4,220,783,128	4,465,244,729
Cost of revenue	15 , 20.2	(1,115,954,467)	(1,190,642,003)	(3,663,832,123)	(3,861,615,420)
<b>Gross profit</b>		<b>70,859,846</b>	<b>182,232,894</b>	<b>556,951,005</b>	<b>603,629,309</b>
Other operating income	16.b	13,800,640	29,386,678	192,182,308	122,781,303
Selling and distribution expenses		(42,428,219)	(46,497,305)	(146,795,467)	(117,853,066)
General and administrative expenses		(78,228,733)	(67,303,183)	(245,218,989)	(209,467,093)
Depreciation of property and equipment	6	(39,780,041)	(35,020,526)	(118,138,362)	(107,044,835)
Depreciation of investment properties		(30,600)	-	(91,800)	(122,400)
Amortization of intangible assets		(3,866,766)	(2,400,246)	(11,207,439)	(9,210,629)
Impairment loss of goodwill		-	-	-	(70,533,770)
Other operating expenses	16.a	(3,181,702)	6,972,499	(10,394,567)	(6,600,127)
<b>Operating (loss) / profit</b>		<b>(82,855,575)</b>	<b>67,370,811</b>	<b>217,286,689</b>	<b>205,578,692</b>
Finance (Cost) / income		(10,644,305)	9,800,000	(6,441,807)	39,416,914
Finance costs over loans and borrowings		(63,544,723)	(16,036,603)	(178,304,914)	(79,527,478)
Finance costs over lease liabilities	20.2	(30,562,364)	(26,847,223)	(83,407,699)	(88,388,931)
<b>Net finance costs</b>		<b>(104,751,392)</b>	<b>(33,083,826)</b>	<b>(268,154,420)</b>	<b>(128,499,495)</b>
Change in fair value of other investments		-	3,694,908	-	1,265,564
Share of loss of equity-accounted investees		(993,621)	-	(7,039,430)	(10,703,984)
<b>(Loss) / profit before zakat and income tax</b>		<b>(188,600,589)</b>	<b>37,981,893</b>	<b>(57,907,162)</b>	<b>67,640,777</b>
Zakat and Income tax expense		(14,343,368)	(16,926,745)	(31,187,239)	(48,295,057)
<b>(Loss) / profit for the period</b>		<b>(202,943,956)</b>	<b>21,055,148</b>	<b>(89,094,400)</b>	<b>19,345,720</b>
<b>(Loss) / profit for the period is attributable to:</b>					
Shareholders of the Company		(204,115,066)	19,830,134	(91,780,469)	21,867,166
Non-controlling interests		1,171,110	1,225,014	2,686,069	(2,521,446)
		<b>(202,943,956)</b>	<b>21,055,148</b>	<b>(89,094,400)</b>	<b>19,345,720</b>
<b>(Loss) / profit per share</b>					
Basic and diluted (loss) / profit per share	12	(1.78)	0.17	(0.80)	0.19

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

  
Ahmed Albelbesy  
Chief Financial Officer

  
Gunther Helm  
Chief Executive Officer

  
Fawaz Abdulaziz Al Hokair  
Chairman

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

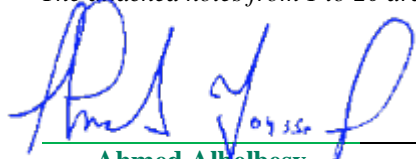
## Interim condensed consolidated statement of comprehensive income

For the three and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Three-month ended 30 September 2023 (Unaudited)	Three-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>	Nine-month ended 30 September 2023 (Unaudited)	Nine-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>
<b>(Loss) / profit for the period</b>	<b>(202,943,956)</b>	21,055,148	<b>(89,094,400)</b>	19,345,720
<b>Items that will not be reclassified to profit or loss:</b>				
Re-measurements of employees' benefits	-	-	-	10,546,914
Change in fair value at FVOCI	-	-	-	13,213,820
	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,760,734</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Foreign currencies translation differences from foreign operations	<b>(4,840,276)</b>	7,737,801	<b>(35,774,209)</b>	(14,811,125)
	<b>(4,840,276)</b>	7,737,801	<b>(35,774,209)</b>	(14,811,125)
<b>Other comprehensive income for the period, net of tax</b>	<b>(4,840,276)</b>	7,737,801	<b>(35,774,209)</b>	8,949,609
<b>Total comprehensive income for the period</b>	<b>(207,784,232)</b>	28,792,949	<b>(124,868,609)</b>	28,295,329
<b>Total comprehensive income for the period attributable to:</b>				
- Shareholders of the Company	<b>(208,923,998)</b>	28,651,724	<b>(126,997,026)</b>	31,510,298
- Non-controlling interests	<b>1,139,766</b>	141,225	<b>2,128,417</b>	(3,214,969)
	<b>(207,784,232)</b>	28,792,949	<b>(124,868,609)</b>	28,295,329

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



**Ahmed Alhelbesy**  
Chief Financial Officer



**Gunther Helm**  
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 nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Foreign currencies translation reserve	Fair value reserve	(Accumulated losses)	Total shareholders' equity	Non-Controlling interests	Total equity
Balance at 1 January 2022 (Audited) Restated	20	2,100,000,000	(494,955,750)	--	(1,233,261,607)	371,782,643	(102,573,894)	269,208,749
Total comprehensive income for the period								
Profit / (loss) for the period		--	--	--	21,867,166	21,867,166	(2,521,446)	19,345,720
Other comprehensive income		--	(14,121,715)	12,949,544	10,815,303	9,643,132	(693,523)	8,949,609
Total comprehensive income for the period		--	(14,121,715)	12,949,544	32,682,469	31,510,298	(3,214,969)	28,295,329
Capital reduction	1	(952,335,520)	--	--	952,335,520	--	--	--
Balance at 30 September 2022 (Audited) Restated		1,147,664,480	(509,077,465)	12,949,544	(248,243,618)	403,292,941	(105,788,863)	297,504,078
Balance at 31 Dec 2022 (Audited) Restated		1,147,664,480	(524,088,331)	42,076,481	(292,184,580)	373,468,050	(92,125,951)	281,342,099
Restatement	20				64,599,795	64,599,795	--	64,599,795
Balance at 31 Dec 2022 (audited) 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 period								
(Loss) / profit for the period		--	--	--	(91,780,469)	(91,780,469)	2,686,069	(89,094,400)
Other comprehensive income		--	(35,216,557)	--	--	(35,216,557)	(557,652)	(35,774,209)
Total comprehensive income for the period		--	(35,216,557)	--	(91,780,469)	(126,997,026)	2,128,417	(124,868,609)
Balance at 30 September 2023		1,147,664,480	(559,304,888)	42,076,481	(319,365,254)	311,070,819	(89,997,534)	221,073,285

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

  
**Ahmed Albebesy**  
 Chief Financial Officer

  
**Gunther Helm**  
 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 nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise Stated)

	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
<b>Cash flows from operating activities:</b>		
<b>Profit for the period</b>	<b>(89,094,400)</b>	<b>19,345,720</b>
<i>Adjustments for:</i>		
- Depreciation on property and equipment	118,138,362	107,044,833
- Depreciation on investment property	91,800	122,400
- Amortization on intangible assets	11,207,439	9,210,631
- Depreciation on right-of-use assets	345,827,980	465,002,612
- Provision for employees' benefits	30,961,411	30,052,630
- Provision for inventory shrinkage and slow-moving inventory	56,303,698	(4,915,275)
- loss on lease termination	2,615,560	14,227,538
- Zakat and income tax expense	31,187,240	48,295,057
- Finance cost / (income) on derivative asset	6,441,807	(39,416,914)
- Finance cost over loans and borrowings	178,304,914	79,527,478
- Finance cost over lease liabilities	83,407,699	88,388,931
- Share of loss from equity accounted investments	7,039,430	10,703,984
- Loss on disposal of property and equipment and intangibles	3,406,775	17,729,260
- Stores closure losses	4,372,232	5,658,193
- Impairment loss on goodwill	-	70,533,770
- Fair value loss on other investments	-	(1,265,564)
- Rental concession for leases	5,018,507	(23,322,635)
	<b>795,230,454</b>	<b>896,922,649</b>
<b>Changes in:</b>		
- Inventories	11,393,539	(268,549,733)
- Advances, deposits and other receivables	222,234,180	256,918,473
- Prepayments	2,030,643	(19,358,570)
- Trade and other payables	(94,407,710)	102,072,492
<b>Cash generated from operating activities</b>	<b>936,481,106</b>	<b>968,005,311</b>
Zakat and income tax paid	(24,993,180)	(21,098,364)
Employee benefits paid	(15,587,336)	(16,469,822)
<b>Net cash from operating activities</b>	<b>895,900,590</b>	<b>930,437,125</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(201,408,736)	(192,358,801)
Purchase of intangible assets	(85,462,005)	(79,460,290)
Acquisition equity accounted investments	(12,887,150)	-
Disposal other investments	153,118,005	-
Disposal of intangible assets	-	12,021,133
<b>Net cash used in investing activities</b>	<b>(146,639,886)</b>	<b>(259,797,958)</b>



**Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of cash flows (continued)**

For the nine-month period ended 30 September 2023

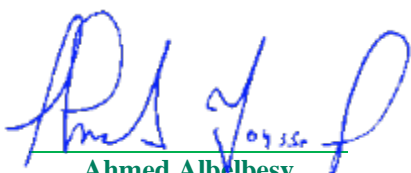
(All amounts in Saudi Riyals unless otherwise stated)

	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited) Restated
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	169,224,963	--
Repayments of loans and borrowings	(247,476,472)	(182,440,973)
Payments of finance costs over loans and borrowings	(189,974,636)	(88,018,345)
Repayments of lease liabilities	(259,176,068)	(351,349,637)
Payments of finance costs over lease liabilities	(83,407,699)	(119,807,516)
<b>Net cash used in financing activities</b>	<b>(610,809,912)</b>	<b>(741,616,471)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>138,450,792</b>	<b>(70,977,304)</b>
Foreign currency exchange translation differences	35,216,557	(19,407,290)
Cash and cash equivalents at the beginning of period	144,067,171	219,023,931
<b>Cash and cash equivalents at the end of period</b>	<b>317,734,520</b>	<b>128,639,337</b>

**Cash and cash equivalents comprise of:**

	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited) Restated
Cash at banks	340,714,436	117,729,710
Cash on hand	26,889,441	62,258,889
<b>Total cash and cash at banks</b>	<b>367,603,877</b>	<b>179,988,599</b>
Banks overdraft	(49,869,357)	(51,349,262)
<b>Cash and cash equivalents at the end of the period</b>	<b>317,734,520</b>	<b>128,639,337</b>

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

  
**Ahmed Albelbesy**  
 Chief Financial Officer

  
**Gunther Helm**  
 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**

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For the three and nine-month periods ended 30 September 2023

(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 referred as the “Group”) is to engage in the following activities:

- Wholesale and retail trading in ready-made cloth 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 parent company in their extra-ordinary general meeting held at 29 September 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 and Commercial Registration Certificate.

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

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

### Notes to the Interim condensed consolidated financial statements

For the three and nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

## 2. GROUP STRUCTURE

These interim condensed consolidated financial statements include the assets, liabilities and result of operations of the Company and the following subsidiaries:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 September 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	Pro Retail Georgia LLC	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

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

### Notes to the Interim condensed consolidated financial statements

For the three and nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

## 2. GROUP STRUCTURE (CONTINUED)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				30 September 2023	31 Dec 2022
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	-
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.

# **Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)**

## **Notes to the interim condensed consolidated financial statements**

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For the three and nine-month periods ended 30 September 2023

(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 year ended 31 December 2022 (“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 25 Rabi Al-Thani 1445H (corresponding to 9 November 2023G).

#### **3.2 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 interim condensed consolidated statement of financial position:

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

As at 30 September 2023, the Group was in breach of certain financial covenants in relation to its long-term and short-term borrowings. 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, refer to note (11). This loan classification has resulted in current liabilities exceeding the Group’s current assets by SR 2.58 Billion. Currently, the Group has not received any default notice or intimation from the lenders that requires repayment of the loan before its original contractual maturity. The terms of the loan agreement require certain actions consequent to breach of covenants which includes among other items the injection of equity in the Group. 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 after reducing its share capital to SR 1,148 million by absorbing the accumulated losses. On the Board’s recommendation, the shareholders of the Parent Company in their extra-ordinary general meeting held at 29 September 2022 have approved the reduction in the share capital by SAR 952 million (through cancellation of 95.2 million shares of SAR 10 each) to absorb the accumulated losses as at 31 December 2021 amounting to SAR 952 million. As of 30 September 2023, the accumulated losses exceeded 20% of the Company’s share capital.

Based on the discussions with the lenders over this incident and due to the current negotiations to reschedule the borrowings terms, management is confident that these actions will remediate the situation with the lenders and will resolve the position of the Group with respect to the covenants.

Furthermore, Management of the Group is currently working towards reorganizing its brand mixture, where it plans to exist certain underperforming brands and direct 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 the nine-month periods ended 30 September 2023, the group has recognized positive gross profit of SR 556 million (2022: SR 604 million), positive operating profit of SR 217 million (2022: SR 206 million), and cash inflows from operating activities of SR 889 million (2022: SR 930 million) and accordingly, these interim condensed consolidated financial statements were prepared on a going concern basis.

For the three and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

### **3.3 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. SIGNIFICANT ACCOUNTING POLICIES**

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 2022.

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

The Group noted that the amendments issued by the International Accounting Standards Board effective on 1 January 2023, do not have any material impact on the Group's interim condensed consolidated financial statements. The Group also has not made early adoption of any issued, or standard interpretations or amendments which are yet to be effective.

## **6. PROPERTY AND EQUIPMENT**

During the nine-months period ended 30 September 2023, the Group added property and equipment with a cost of SR 282 million (For the nine months ended 31 December 2022: SR 277 million). Also, during the nine-months period ended 30 September 2023, the depreciation charges for the nine-months amounted to SR 118 million (nine-months period ended 30 September 2022: SR 107 million) and the Group incurred a loss on write off property and equipment amounting to SR 3.4 million (nine-months period ended 30 September 2022: SR 4.9 million).

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

## Notes to the interim condensed consolidated financial statements

For the three and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

### 6. PROPERTY AND EQUIPMENT (continued)

During the year ended 31 March 2022, the Group conducted an operational efficiency review at all of its assets, which resulted in changes in the expected usage of all assets. The buildings, leasehold improvements, furniture fixtures and office equipment and motor vehicles were intended to be used for 33 years, 8-15 years and 4-10 years respectively. As a result of revision of useful lives, the buildings, leasehold improvements, furniture, fixtures and office equipment and motor vehicles are expected to remain in use for 40 years, 15 years, 15 years, 6 years respectively. Consequently, the expected life of the assets increased which resulted in the decrease in the depreciation charge on property and equipment.

### 7. INVESTMENT IN EQUITY ACCOUNTED INVESTMENTS

	<i>FG 4 Limited</i>	<i>FAS LAB (i)</i>	<i>Total</i>
Balance as at 1 April 2022 (Audited)	1,956,408	60,068,385	62,024,793
Addition	--	9,818,749	9,818,749
Share of loss for the year	(1,956,408)	(7,747,831)	(9,704,239)
Balance as at 31 December 2022 (Audited)	--	62,139,303	62,139,303
<b>Addition</b>	<b>--</b>	<b>12,887,151</b>	<b>12,887,151</b>
<b>Share of loss for the period</b>	<b>--</b>	<b>(7,039,430)</b>	<b>(7,039,430)</b>
<b>Balance as at 30 September 2023 (Unaudited)</b>	<b>--</b>	<b>67,987,024</b>	<b>67,987,024</b>

- (i) This investment 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.

### 8. OTHER INVESTMENTS

	<b>Equity securities at FVTPL (i)</b>	<b>Equity securities at FVOCI (ii)</b>	<b>Pledged term deposit (iii)</b>	<b>Total</b>
Balance at 1 April 2022 (Audited)	213,430,656	86,260,030	-	299,690,686
Additions	-	-	4,190,498	4,190,498
Change in fair value	3,694,908	29,126,937	-	32,821,845
Exchange difference	-	(22,455,488)	-	(22,455,488)
<b>Balance at 31 December 2022 (Audited)</b>	<b>217,125,564</b>	<b>92,931,479</b>	<b>4,190,498</b>	<b>314,247,541</b>
<b>un-pledging term deposit</b>	<b>-</b>	<b>-</b>	<b>(4,190,498)</b>	<b>(4,190,498)</b>
<b>Exchange difference</b>	<b>-</b>	<b>(18,737,052)</b>	<b>-</b>	<b>(18,737,052)</b>
<b>Disposal</b>	<b>(217,125,564)</b>	<b>-</b>	<b>-</b>	<b>(217,125,564)</b>
<b>Balance at 30 September 2023 (Unaudited)</b>	<b>-</b>	<b>74,194,427</b>	<b>-</b>	<b>74,194,427</b>

- i. This represents investment in 20,000,000 units of Al Mubarak Real Estate Income Fund II (the "fund") with a nominal value of SR 10 each which has been acquired by the Company on 16 December 2019. The Group announced during the period, that the fund is to be liquidated – note (10).
- ii. On 31 March 2021, the Group has acquired 8.9% shares in Egyptian Centers for Real Estate Development in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition.



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## Notes to the interim condensed consolidated financial statements

For the three and nine-month periods ended 30 September 2023

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### 8. OTHER INVESTMENTS (Continued)

Management has done their assessment of the fair value of FVTPL and FVOCI investments at the period end and believes that these are not significantly different from their carrying values.

- iii. The Group has term deposits in National Bank of Fujairah as a guarantee for supplier payment which was unpledged during the period.

### 9. INVENTORIES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Finished goods		
- Available for sale	1,301,435,434	1,310,279,291
- Goods in transit	11,265,122	14,149,304
Consumables and supplies	24,597,329	24,262,829
<b>Gross inventories</b>	<b>1,337,297,885</b>	<b>1,348,691,424</b>
Provision for inventory	(404,715,956)	(348,412,258)
<b>Net inventories</b>	<b>932,581,929</b>	<b>1,000,279,166</b>

### 10. Non-current asset held for sale

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 148 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 57 million has been classified as non-current asset held for sale.

### 11. LOANS AND BORROWINGS

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Islamic facility with banks (Murabaha)	(i)	2,523,221,544	2,774,310,862
Banking facilities of GCC subsidiaries	(ii)	169,224,963	8,056,876
Islamic facility with banks (Murabaha) – New	(iii)	150,000,000	150,000,000
		<b>2,842,446,507</b>	<b>2,932,367,738</b>
Short term facilities		19,284,963	8,056,876
Current portion of long-term borrowings		2,627,532,615	2,809,310,862
<b>Loans and Borrowings - Current portion</b>		<b>2,646,817,578</b>	<b>2,817,367,738</b>
<b>Loans and Borrowings – Non-current portion</b>		<b>195,628,929</b>	<b>115,000,000</b>
		<b>2,842,446,507</b>	<b>2,932,367,738</b>

- 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 160 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 nine half-yearly installments commencing after 12 months from the date of signing



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## Notes to the interim condensed consolidated financial statements

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### 11. LOANS AND BORROWINGS (Continued)

the agreement. As at 30 September 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 30 September 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 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 the long-term loan balance has been classified to be part of the current liabilities on the consolidated statement of financial position. During 2022, the Company requested the lenders to waive the breach of loans covenants more than once during the period 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 September 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. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facilities are for short-term periods using prevailing market terms.

During the nine-month period ended 30 September 2023, the Group has obtained 2 new loans from banks outside KSA to support their international operations. The facilities obtained amounted to US 15 million and US 25 dollars (equivalent to SR 56.2 million, and SR 93.7 million respectively). Both facilities shall be repaid over equal installments on 24 months and 48 months respectively.

- iii. 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.

\* During the subsequent period, the Group has repaid loans and borrowings with the amount of SR 300 million.

### 12. (LOSS) / PROFIT PER SHARE

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

	Three-month ended 30 September 2023 (Unaudited)	Three-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>	Nine-month ended 30 September 2023 (Unaudited)	Nine-month ended 30 September 2022 (Unaudited) <i>Restated – Note 20</i>
Weighted average number of ordinary shares	114,766,448	114,766,448	114,766,448	114,766,448
(Loss) / profit attributable to ordinary shareholders	(204,115,066)	19,830,134	(91,780,469)	21,867,166
<b>Basic and diluted earnings per share</b>	<b>(1.78)</b>	<b>0.17</b>	<b>(0.80)</b>	<b>0.19</b>

## **Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)**

### **Notes to the interim condensed consolidated financial statements**

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For the three and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

## **13. OPERATING SEGMENTS**

### **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 segment:

<b>Reportable segments</b>	<b>Operations</b>
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, Armenia and Morocco.

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

For the nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

**13. 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
Amount in SR ‘000						Amount in SR ‘000			
As at 30 September 2023 (Unaudited)									
Profit or loss									
Revenue	3,877,405	54,997	288,381	-	4,220,783	3,385,052	835,731	-	4,220,783
Depreciation and amortization	(99,943)	(11,993)	(17,502)	-	(129,438)	(107,651)	(21,787)	-	(129,438)
Finance costs	(256,145)	(1,278)	(4,290)	-	(261,713)	(239,639)	(22,074)	-	(261,713)
Profit / (loss) for the period	(77,104)	(10,441)	(1,549)	-	(89,094)	(125,317)	36,223	-	(89,094)
Statement of financial position									
Non-current assets	7,549,722	78,598	296,825	(2,947,540)	4,977,605	7,348,496	576,649	(2,947,540)	4,977,605
Current assets	1,895,733	(5,034)	(4,009)	-	1,886,690	1,841,920	44,770	-	1,886,690
Total liabilities	(6,298,620)	(77,112)	(267,490)	-	(6,643,222)	(5,957,983)	(685,239)	-	(6,643,222)
As at 30 September 2022 (Unaudited)									
Profit or loss (Restated – Note 20)									
Revenue	2,815,513	31,667	245,190	-	3,092,370	2,604,668	487,702	-	3,092,370
Depreciation and amortization	(55,941)	(7,862)	(15,032)	-	(78,835)	(65,023)	(13,812)	-	(78,835)
Finance costs	(114,329)	(1,303)	(9,401)	-	(125,033)	(108,122)	(16,911)	-	(125,033)
Profit / (loss) for the period	58,388	(8,077)	(52,020)	-	(1,709)	(57,125)	55,416	-	(1,709)
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)

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

## Notes to the interim condensed consolidated financial statements

For the nine-month period ended 30 September 2023

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### 14. 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:

Nine-month period ended 30 September 2023 (Unaudited)			
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,351,802,985	679,419,643	3,031,222,628
Footwear & accessories	148,798,539	47,111,661	195,910,200
Others	596,069,841	54,202,998	650,272,839
<b>Fashion retail</b>	<b>3,096,671,365</b>	<b>780,734,302</b>	<b>3,877,405,667</b>
Food & beverages	288,380,884	-	288,380,884
Indoor entertainment	-	54,996,577	54,996,577
<b>Total revenue</b>	<b>3,385,052,249</b>	<b>835,730,879</b>	<b>4,220,783,128</b>

Nine-month period ended 30 September 2022 (Unaudited)			
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,523,413,661	581,727,195	3,105,140,856
Footwear & accessories	179,117,405	70,747,572	249,864,977
Others	608,161,441	72,769,875	680,931,316
<b>Fashion retail</b>	<b>3,310,692,507</b>	<b>725,244,642</b>	<b>4,035,937,149</b>
Food & beverages	382,386,925	-	382,386,925
Indoor entertainment	-	46,920,655	46,920,655
<b>Total revenue</b>	<b>3,693,079,432</b>	<b>772,165,297</b>	<b>4,465,244,729</b>

### 15. COST OF REVENUE

	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited) Restated – Note 20
Cost of goods sold	2,608,198,490	2,644,513,982
Employees' salaries and benefits	478,874,194	537,136,513
Depreciation on right-of-use assets	345,827,980	465,002,612
Utilities and maintenance	83,012,048	48,581,216
Rent expense	56,221,828	85,665,247
Travelling	5,311,070	4,563,791
Others	86,386,513	76,152,059
	<b>3,663,832,123</b>	<b>3,861,615,420</b>

### 16. OTHER OPERATING EXPENSES & INCOME

#### a) Other operating expenses

		Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
Loss on write-off of property and equipment	<i>Note i</i>	3,406,775	941,934
Loss on lease termination		2,615,560	-
Store closure losses		4,372,232	5,658,193
		<b>10,394,567</b>	<b>6,600,127</b>

i. Represents write off related to assets for closed stores which were no more usable.

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### 16. OTHER OPERATING EXPENSES & INCOME (continued)

#### b) Other operating income

	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
	<i>Notes</i>	
Foreign exchange gains	6,658,035	50,868,003
Rental concession for leases	5,018,507	33,491,923
Gains on lease termination and modification	-	8,892,379
Income from owners of new malls*	130,282,839	-
Others	50,222,927	29,528,998
	<b>192,182,308</b>	<b>122,781,303</b>

\* Income from owners of new malls represents actual cash received during the period, from owners of new malls, as part of international brand attraction schemes. There are income received from related party included in this total income – refer to note (17.2). The Company assumes no long-term performance obligations against such contributions.

### 17. 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.

#### 17.1 Key management personnel compensation

Key management personnel compensation is comprised as follows:

	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
Salaries and short-term benefits	8,794,849	6,375,734
Post-employment benefits	1,121,528	938,378
Board of Directors and board committees' remunerations	3,292,750	1,772,750
<b>Total key management compensation</b>	<b>13,209,127</b>	<b>9,086,862</b>

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**17. RELATED PARTIES (continued)**

**17.2 Related party transactions (continued)**

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

Name of related party	Nature of transaction	Relationship	Transactions		Balances	
			Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Saudi FAS Holding Company	Expenses paid on behalf of Company	Parent Company	712,497	677,171	55,070,175	422,781,661
	Receipts		366,999,000	--	--	--
Egyptian Centers for Real Estate Development	Rental	Affiliate	1,586,798	693,942	--	--
Al Farida Trading Agencies	Services / payment made on behalf of Company	Equity accounted investee	7,831,004	5,955,658	15,413,944	12,034,959
	Payments made by the Company		4,452,018	--	--	--
Amwal Al Khaleeja Al Oula	Management services	Equity accounted investee	--	--	2,271,205	2,271,205
Food and Entertainment Co. ltd.	Payment made on behalf of Company	Affiliate	62,189	--	14,633,099	14,573,964
<b>Due from related parties</b>			<b>381,643,506</b>	7,326,771	<b>87,388,423</b>	451,661,789
Arabian Centers Company	Lease payments	Affiliate	377,140,775	328,908,526	(135,026,904)	(140,393,949)
	Other income (16.b)		119,282,839	--	--	--
Hajen Company Limited	Printing and advertisement	Affiliate	2,568,869	2,541,927	(418,542)	(896,540)
Wonderful Meals Company	Purchase of goods	Affiliate	15,123,961	73,821,225	(8,969,301)	(16,035,205)
<b>Due to related parties</b>			<b>394,833,605</b>	405,271,678	<b>(144,414,747)</b>	(157,325,694)

# **Fawaz Abdulaziz Al Hokair & Company (A Saudi Joint Stock Company)**

## **Notes to the interim condensed consolidated financial statements**

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### **17. RELATED PARTIES (continued)**

#### **17.2 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.
- As at 30 September 2023, the Group has an outstanding receivable balance of SR 55 million from Saudi FAS Holding Company (a major shareholder) [31 December 2022: SR 443 million], in the subsequent period, the company collected an amount of SR 15 million from the Saudi FAS Holding Company, and the outstanding balance reached SR 44 million.

### **18. 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.

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### 18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

30 September 2023 (Unaudited)					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets / (liability)					
FVTPL					
Al Mubarak Real Estate Income Fund –II (non-current asset held for sale)	57,125,564	--	--	57,125,564	57,125,564
Derivative liability	(50,608,327)	--	(50,608,327)	--	(50,608,327)
FVOCI – equity instruments					
Egyptian Centers for Real Estate Development	74,194,427	--	--	74,194,427	74,194,427

31 December 2022 (Audited)					
	Carrying amount	Fair value			
		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 Centers for Real Estate Development	92,931,479	--	--	92,931,479	92,931,479

### 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
<b>Equity securities</b>	<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"> <li>- the expected cash flows were higher (lower); or</li> <li>- the risk-adjusted discount rate was lower (higher).</li> </ul>



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

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### 18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

#### B. Valuation techniques and significant unobservable inputs

Type	Valuation technique and significant unobservable inputs
<b>Derivative asset</b>	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 30 September 2023, 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)

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### 18. 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:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash at bank	340,714,436	142,078,902
Advances, deposits and other receivables	119,677,150	481,397,878
	<b>460,391,586</b>	<b>623,476,780</b>

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.

### 19. COMMITMENTS AND CONTINGENCIES

As at the reporting date, the Group is committed to capital expenditures of SR 111.07 million (31 December 2022: SR 127.1 million) to purchase property and equipment.

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

Type	Nature	30 September 2023 (Audited)	31 December 2022 (Unaudited)
Letter of credits	Purchase of retail trading inventory	339,866,304	454,038,547
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	453,404,469	575,036,843

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

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### 20. RESTATEMENTS OF PRIOR YEARS

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

#### 20.1 Accumulated losses as at 1 January 2022

##### Consolidated statement of financial position

###### 1 January 2022

Accumulated losses (*Notes A, B & C*)

As previously reported	Adjustments	As restated
(952,335,520)	(280,926,087)	(1,233,261,607)

##### Note A:

During the financial period ended 31 December 2022, Management identified inventory shortage at a few locations during the physical count exercise. On investigation of that matter, Management discovered that shortage is coming from prior period and didn't capture due to computational error in a physical stock count results for Inventory in prior period. This error resulted in a material overstatement of inventory recognized for the period ending 31 March 21 and prior financial years. This error has been already corrected, in the consolidated financial statements as of 31 December 2022, by restating (losses of SR 290 million in available for sale-finished goods and SR 15 million in consumables and supplies) each of the affected financial statement line items for the prior periods.

##### Note B:

During the financial period ended 31 December 2022, Management reassessed its position regarding open cases with ZATCA relating to VAT for a period of April 2020 to March 2021 and Custom for a period of 2015 to 2019 and identified that the provision for these cases was understated as of 31 March 2021. This error resulted in a material understatement of Zakat and taxation provision for the period ending 31 March 21. This error has been already corrected, in the consolidated financial statements as of 31 December 2022, by restating losses of SR 53 million each of the affected financial statement line items for the prior periods.

##### Note C:

During the nine-month period ended 30 June 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 2022 - by a profit of SR 77 million. For more details, please see No. (20.2) below.

The net of the above restatements are netted to SR 281 million as clarified in table above.

#### 20.2 Right of use assets and lease liabilities

The lease contracts database review was completed by Management and the 3<sup>rd</sup> 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 on the interim condensed consolidated financial statement as of and for the for the nine months period ended 30 September 2023. The comparative information as of 31 December 2022, 31 March 2022, and for the nine months period ended 30 September 2022 were restated.

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

## Notes to the interim condensed consolidated financial statements

For the nine-month period ended 30 September 2023

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### 20. RESTATEMENTS OF PRIOR YEARS (continued)

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
<b>Assets</b>			
Right-of-use assets	3,110,825,775	(763,680,646)	2,347,145,129
<b>Non-current assets</b>	5,968,901,207	(763,680,646)	5,205,220,561
<b>Total assets</b>	7,916,649,887	(763,680,646)	7,152,969,241
<b>Equity</b>			
Accumulated losses	(292,184,580)	64,599,795	(227,584,785)
<b>Total equity</b>	281,342,099	64,599,795	345,941,894
<b>Liabilities</b>			
Lease liabilities	2,734,453,943	(831,511,164)	1,902,942,779
<b>Non-Current liabilities</b>	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
<b>Current liabilities</b>	4,689,905,817	3,230,723	4,693,136,540
<b>Total liabilities</b>	7,635,307,788	(828,280,441)	6,807,027,347
<b>Total equity and liabilities</b>	7,916,649,887	(763,680,646)	7,152,969,241
<b>31 March 2022</b>	<b>As previously reported</b>	<b>Restatement</b>	<b>As Restated</b>
<b>Assets</b>			
Right-of-use assets	3,275,783,678	(878,379,713)	2,397,403,965
<b>Non-current assets</b>	6,109,985,090	(878,379,713)	5,231,605,377
<b>Total assets</b>	8,241,206,787	(878,379,713)	7,362,827,074
<b>Equity</b>			
Accumulated losses	(1,340,996,552)	58,809,369	(1,282,187,183)
<b>Total equity</b>	145,358,156	58,809,369	204,167,525
<b>Liabilities</b>			
Lease liabilities	2,845,746,744	(856,398,640)	1,989,348,104
<b>Non-Current liabilities</b>	2,948,735,531	(856,398,640)	2,092,336,891
Lease liabilities – current portion	632,273,878	(159,521,278)	472,752,600
<b>Current liabilities</b>	5,147,113,100	(80,790,442)	5,066,322,658
<b>Total liabilities</b>	8,095,848,631	(937,189,083)	7,158,659,549
<b>Total equity and liabilities</b>	8,241,206,787	(878,379,713)	7,362,827,074
<b>For the nine-month period ended 30 September 2022</b>	<b>As Previously reported</b>	<b>Restatement</b>	<b>Restated</b>
Cost of revenue	(3,813,170,484)	(48,444,936)	(3,861,615,420)
<b>Gross profit</b>	652,074,245	(48,444,936)	603,629,309
<b>Operating profit</b>	254,023,628	(48,444,936)	205,578,692
Finance costs over lease liabilities	(119,807,516)	31,418,585	(88,388,931)
<b>Net finance costs</b>	(159,918,080)	31,418,585	(128,499,495)
<b>Profit before zakat and income tax</b>	84,667,128	(17,026,351)	67,640,777
<b>Profit for the period</b>	36,372,071	(17,026,351)	19,345,720