

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

Interim condensed consolidated financial statements
(unaudited)

For the three and nine-month period ended 30 September 2024
And 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 period ended 30 September 2024

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

To the Shareholders of
Fawaz Abdulaziz Al Hokair & Company
(A Saudi Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fawaz Abdulaziz Al Hokair & Company (the "Company") and its subsidiaries (collectively referred as the "Group"), a Saudi Joint Stock Company as of 30 September 2024, the interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-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 (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 the interim condensed consolidated financial information 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.

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 48.3 million for the period ended 30 September 2024, and as of that date it recorded accumulated losses of SR 1,457 million. In addition, the Group's current liabilities exceeded its current assets by SR 2,891 million as of 30 September 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 of the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 15 Jumadah-Al Awwal 1446 (H)
Corresponding to: 17 November 2024 (G)


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

As at 30 September 2024

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30-September 2024 (Unaudited)	31-December 2023 (Audited)
Assets			
Property and equipment	6	1,133,841,311	1,149,972,559
Right-of-use assets		1,582,705,725	2,044,680,531
Goodwill and intangible assets		752,723,737	755,769,637
Investment property		1,173,000	1,264,800
Equity accounted investment	7	63,680,348	64,828,779
Other investments	8	112,420,446	74,189,014
Non-current assets		3,646,544,567	4,090,705,320
Inventories	9	722,324,054	793,514,780
Advances, deposits and other receivables		270,452,809	302,375,326
Prepayments		36,311,188	25,799,402
Cash and cash equivalents		137,004,445	235,247,382
Current assets		1,166,092,496	1,356,936,890
Assets held for sale		--	309,981,001
Total assets		4,812,637,063	5,757,623,211
Equity			
Share capital		1,147,664,480	1,147,664,480
Statutory reserve		--	--
Foreign currency translation reserve		(604,464,344)	(564,513,223)
Fair value reserve		105,828,914	42,076,481
Accumulated losses		(1,457,074,517)	(1,403,902,766)
Equity attributable to the shareholders of the Company		(808,045,467)	(778,675,028)
Non-controlling interest		(22,177,981)	(27,631,180)
Total equity		(830,223,448)	(806,306,208)
Liabilities			
Loans and borrowings	10	167,577,402	208,526,542
Lease liabilities		1,331,358,411	1,555,503,936
Derivative liability		--	31,600,110
Employee benefits		87,287,976	89,333,116
Non-Current liabilities		1,586,223,789	1,884,963,704
Loans and borrowings	10	1,703,188,850	2,298,244,234
Lease liabilities		402,769,403	578,755,711
Trade and other payables		1,865,084,238	1,400,086,598
Bank overdraft		--	47,105,695
Zakat and tax liabilities		85,594,231	86,576,599
Current liabilities		4,056,636,722	4,410,768,837
Liabilities associated with assets held for sale		--	268,196,878
Total liabilities		5,642,860,511	6,563,929,419
Total equity and liabilities		4,812,637,063	5,757,623,211

The attached notes from 1 to 19 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 and nine-month period ended 30 September 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	Three-month ended 30 September 2024 (Unaudited)	Three-month ended 30 September 2023 (Unaudited)	Nine-month ended 30 September 2024 (Unaudited)	Nine-month ended 30 September 2023 (Unaudited)
Revenue	13	1,170,002,553	1,073,844,945	3,715,528,826	3,771,500,249
Cost of revenue	14	(1,045,740,889)	(993,483,184)	(3,270,025,819)	(3,246,227,442)
Gross profit		124,261,664	80,361,761	445,503,007	525,272,807
Other operating income	15B	71,339,786	19,326,598	259,052,517	190,777,611
Selling and distribution expenses		(28,199,803)	(38,499,731)	(106,267,932)	(126,402,552)
General and administrative expenses		(64,726,598)	(76,688,479)	(231,103,375)	(241,931,479)
Depreciation on property and equipment		(33,194,981)	(35,991,519)	(97,646,025)	(106,457,953)
Depreciation on investment properties		(30,600)	(30,600)	(91,800)	(91,800)
Amortization on intangible assets		(3,611,004)	(3,740,204)	(10,637,855)	(10,831,610)
Other operating expense	15A	37,581,859	(1,946,621)	(8,002,033)	(9,179,982)
Operating profit / (loss)		103,420,323	(57,208,795)	250,806,504	221,155,042
Finance income / (cost) over derivative		6,504,092	(10,644,305)	(12,642,080)	(6,441,807)
Finance costs over loans and borrowings		(50,454,738)	(63,337,986)	(145,514,252)	(177,667,574)
Finance costs over lease liabilities		(24,343,453)	(25,706,897)	(77,724,742)	(70,354,743)
Net finance costs		(68,294,099)	(99,689,188)	(235,881,074)	(254,464,124)
Share of loss of equity-accounted investees	7	(1,953,918)	(993,621)	(4,530,107)	(7,039,430)
Profit / (loss) before zakat and income tax		33,172,306	(157,891,604)	10,395,323	(40,348,512)
Zakat and Income tax expense		(14,375,871)	(14,298,032)	(38,814,011)	(31,059,889)
Profit / (loss) for the period from continuing operations		18,796,435	(172,189,636)	(28,418,688)	(71,408,401)
Profit / (loss) for the period from discontinued operations	19	514,871	(30,754,320)	(19,870,070)	(17,685,999)
Profit / (loss) for the period		19,311,306	(202,943,956)	(48,288,758)	(89,094,400)
Profit / (loss) for the period is attributable to:					
Shareholders of the Company		17,712,237	(204,115,066)	(53,171,751)	(91,780,469)
Non-controlling interests		1,599,069	1,171,110	4,882,993	2,686,069
		19,311,306	(202,943,956)	(48,288,758)	(89,094,400)
Profit / (loss) per share					
Basic and diluted profit / (loss) per share	11				
- from continuing operations		0.15	(1.51)	(0.29)	(0.65)
- from discontinuing operations		0.00	(0.27)	(0.17)	(0.15)


The attached notes from 1 to 19 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 and nine-month period ended 30 September 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	Three-month ended 30 September 2024 (Unaudited)	Three-month ended 30 September 2023 (Unaudited)	Nine-month ended 30 September 2024 (Unaudited)	Nine-month ended 30 September 2023 (Unaudited)
Profit / (loss) for the period	19,311,306	(202,943,956)	(48,288,758)	(89,094,400)
Items that will not be reclassified to profit or loss:				
Equity investments at FVOCI – net change in fair value	75,886,502	--	65,053,503	--
	75,886,502	--	65,053,503	--
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	4,499,641	(4,840,276)	(40,681,985)	(35,774,209)
	4,499,641	(4,840,276)	(40,681,985)	(35,774,209)
Other comprehensive income for the period, net of tax	80,386,143	(4,840,276)	24,371,518	(35,774,209)
Total comprehensive income for the period	99,697,449	(207,784,232)	(23,917,240)	(124,868,609)
Total comprehensive income for the period attributable to:				
- Shareholders of the Company	96,799,779	(208,923,998)	(29,370,439)	(126,997,026)
- Non-controlling interests	2,897,670	1,139,766	5,453,199	2,128,417
	99,697,449	(207,784,232)	(23,917,240)	(124,868,609)

The attached notes from 1 to 19 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 nine-month period ended 30 September 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 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 for the period							
Loss for the period	--	--	--	(53,171,751)	(53,171,751)	4,882,993	(48,288,758)
Other comprehensive income for the period	--	(39,951,121)	63,752,433	--	23,801,312	570,206	24,371,518
Total comprehensive income for the period	--	(39,951,121)	63,752,433	(53,171,751)	(29,370,439)	5,453,199	(23,917,240)
Balance at 30 September 2024 (Unaudited)	1,147,664,480	(604,464,344)	105,828,914	(1,457,074,517)	(808,045,467)	(22,177,981)	(830,223,448)
Balance at 1 January 2023 (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 for the period	--	--	--	(91,780,469)	(91,780,469)	2,686,069	(89,094,400)
Other comprehensive income for the period	--	(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 (Unaudited)	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 19 are an integral part of these interim condensed consolidated financial statements.



Ahmed Alhelbesy
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 nine-month period ended 30 September 2024

(All Amounts in Saudi Riyals unless otherwise stated)

	For the nine-month period ended 30 September 2024 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)
Cash flows from operating activities:		
Loss for the period	(48,288,758)	(89,094,400)
Adjustments for:		
- Depreciation on property and equipment	100,984,151	118,138,362
- Depreciation on investment property	91,800	91,800
- Amortization on intangible assets	10,812,611	11,207,439
- Depreciation on right-of-use assets	280,367,903	345,827,980
- Provision for employees' benefits	16,443,160	30,961,411
- Provision for inventory shrinkage and slow-moving inventory	23,494,848	56,303,698
- Expected credit loss	16,027,390	--
- (Gain) / loss on lease termination	(5,195,112)	2,615,560
- Zakat and income tax expense	38,814,012	31,187,240
- Finance cost over loans and borrowings	158,542,868	178,304,914
- Finance cost over lease liabilities	82,382,887	83,407,699
- Losses from FV re-measurement over derivative liabilities	--	6,441,807
- Share of loss from equity accounted investment	4,530,107	7,039,430
- Store closure losses	4,016,548	4,372,232
- Loss on disposal of property and equipment and intangibles	--	3,406,775
- Gain on disposal of discontinued operation	(211,659,281)	--
- Rental concession for leases	--	5,018,507
	471,365,134	795,230,454
Changes in:		
- Inventories	54,583,997	11,393,539
- Advances, deposits and other receivables	39,797,730	222,234,180
- Prepayments	(18,966,949)	2,030,643
- Trade and other payables	483,794,142	(94,407,710)
Cash generated from operating activities	1,030,574,054	936,481,106
Zakat and income tax paid	(39,796,380)	(24,993,180)
Employees benefits paid	(25,724,190)	(15,587,336)
Net cash generated from operating activities	965,053,484	895,900,590
Cash flows from investing activities:		
Proceeds on disposal of assets held for sale	314,642,948	--
Proceeds from disposal of property and equipment	22,038,442	--
Purchase of property and equipment	(152,768,381)	(201,408,736)
Purchase of equity accounted investment	(3,381,676)	(12,887,150)
Purchase of intangible assets	(8,390,250)	(85,462,005)
Proceeds from other investments	--	153,118,005
Net cash generated from/(used in) investing activities	172,141,083	(146,639,886)

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 2024
 (All Amounts in Saudi Riyals unless otherwise stated)

	For the nine-month period ended 30 September 2024 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)
Cash flows from financing activities:		
Proceeds from loans and borrowings	415,239,413	169,224,963
Repayments of loans and borrowings	(1,051,243,937)	(247,476,472)
Payments of finance costs over loans and borrowings	(241,126,446)	(189,974,636)
Repayments of lease liabilities	(217,034,378)	(259,176,068)
Payments of finance costs over lease liabilities	(82,382,887)	(83,407,699)
Net cash used in financing activities	(1,176,548,235)	(610,809,912)
Net (decrease)/increase in cash and cash equivalents	(39,353,668)	138,450,792
Foreign currency exchange translation differences	(11,783,574)	35,216,557
Cash and cash equivalents at the beginning of period	188,141,687	144,067,171
Cash and cash equivalents at the end of period	137,004,445	317,734,520

Cash and cash equivalents comprise of:

	For the nine-month period ended 30 September 2024 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)
Bank balances	107,970,072	340,714,436
Cash in hand	29,034,373	26,889,441
Cash and cash equivalents in condensed consolidated statement of financial position	137,004,445	367,603,877
Bank's overdraft	--	(49,869,357)
Cash and cash equivalents in condensed consolidated statement of cash flows	137,004,445	317,734,520

The attached notes from 1 to 19 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2024

(All Amounts in Saudi Riyals unless otherwise stated)

2. GROUP STRUCTURE

Following is the list of subsidiaries included in these consolidated financial statements as at 30 September 2024 and 31 December 2023:

				Ownership interest held by the Group as at:	
No	Subsidiaries	Country of incorporation	Business Activity	30 September 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	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
10	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
11	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Retail Group Georgia LLC	Georgia	Retail	100	100
13	Master Retail Georgia LLC	Georgia	Retail	100	100
14	Spanish Retail Georgia LLC	Georgia	Retail	100	100
15	Pro Retail Georgia LLC	Georgia	Retail	100	100
16	Best Retail Georgia LLC	Georgia	Retail	100	100
17	Mega Store Georgia LLC	Georgia	Retail	100	100
18	Fashion Retail Georgia LLC	Georgia	Retail	100	100
19	Global Apparel Georgia LLC	Georgia	Retail	100	100
20	Retail Group Holding LLC	Georgia	Retail	100	100
21	Master Home Retail	Georgia	Retail	100	100
22	International Retail of Morocco	Morocco	Retail	-	100
23	Multi Trends Co.	Morocco	Retail	-	100
24	Retail Group of America LLC	United States of America	Entertainment	100	100
25	Billy Beez USA	United States of America	Entertainment	100	100
26	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	-	100
27	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	-	100
28	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	-	100
29	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	-	100
30	RIGE Co.	Arab Republic of Egypt	Retail	99	99
31	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
32	Retail Group Armenia CJSC	Armenia	Retail	96	96
33	Spanish Retail CJSC	Armenia	Retail	100	100
34	ZR Fashion Retail CJSC	Armenia	Retail	100	100
35	Global Apparel CJSC	Armenia	Retail	100	100
36	BR Fashion Retail CJSC	Armenia	Retail	100	100
37	Master Retail CJSC	Armenia	Retail	100	100
38	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 nine-month period ended 30 September 2024
(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 2024	31 December 2023
39	Retail Group CJSC	Armenia	Retail	100	100
40	Pro Retail CJSC	Armenia	Retail	100	100
41	Factory Prices CJSC	Armenia	Retail	100	100
42	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
43	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
44	Models Own Holding Limited	United Kingdom	Retail	-	51
45	Models Own Limited	United Kingdom	Retail	-	51
46	Models Own International Ltd.	United Kingdom	Retail	-	51
47	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
48	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
49	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
50	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Retail Group Holding LLC	Azerbaijan	Retail	85	85
55	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
56	Fashion Group CA	Uzbekistan	Retail	80	80
57	Fashion Retail Store	Uzbekistan	Retail	80	80
58	Master Retail Store	Uzbekistan	Retail	80	80
59	Retail Boutique	Uzbekistan	Retail	80	80
60	Retail Group Global	Uzbekistan	Retail	80	80
61	Retail Group Store	Uzbekistan	Retail	80	80
62	Retail Store Pro	Uzbekistan	Retail	80	80
63	Spanish Store	Uzbekistan	Retail	80	80

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose entities 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 nine-month period ended 30 September 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 7 Jumada al-Awwal 1446 (H) (corresponding to 9 November 2024 (G)).

3.2 GOING CONCERN BASIS OF ACCOUNTING

The Group incurred a net loss of SR 48.3 million for the period ended 30 September 2024, resulting in the accumulated losses to be SR 1,457 million. As of that date, the Company’s current liabilities exceeded its current assets by SR 2,891 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 30 September 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 of the interim condensed consolidated financial statements. 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, up to the date of issuance of the interim condensed consolidated financial statements 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, 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 strategic 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 446 million (30 September 2023: SR 525 million), and cash inflows from operating activities of SR 965 million (30 September 2023: SR 896 million).

Management completed their assessment of the going concern of the Group, and accordingly, these interim 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.

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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 consolidated 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. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DUE TO NEW STANDARDS

(a) New and revised standards with no material effect on the condensed consolidated interim financial statements

The following revised IFRSs have been adopted during the nine-month period ended 30 September 2024.

The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Amendments to IAS 1, Presentation of financial statements' - non-current liabilities with covenants;
- Amendments to IFRS 16 'Leases' ("IFRS 16") - Leases on sale and leaseback; and
- Amendments to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures' ("IFRS 7") - Supplier finance arrangements.

(b) New and revised standards issued but not yet effective

New and revised standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Presentation and Disclosure in Financial Statements (IFRS 18), effective for annual periods beginning on or after 1 January 2027; and
- Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability, effective for annual period beginning on or after 1 January 2025.

Management is currently assessing the impact, if any, these amendments may have on the Group's condensed consolidated interim financial statements.

6. PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2024, the Group added property and equipment with a cost of SR 151.5 million (nine-month period ended 30 September 2023: SR 282 million) and disposal with a net book value SR 123.6 million (nine -month period ended 30 September 2023: Nil). which includes the disposal of assets for exit brands amounting to SAR 100.5 million (nine -month period ended 30 September 2023: Nil). Also, during the nine-month period ended 30 September 2024, the depreciation charge for nine-month period amounted to SR 101 million (nine -month period ended 30 September 2023: SR 118 million) and the Group incurred a loss on disposal of property and equipment amounting to SR 2.7 million (nine-month period ended 30 September 2023 SR 3.4 million).

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7. EQUITY ACCOUNTED INVESTMENT

	FAS LAB (i)
Balance at 1 Jan 2023	62,139,303
Addition	12,887,150
Share of loss for the year	(10,197,674)
Balance at 31 December 2023 (Audited)	64,828,779
Addition	3,381,676
Share of loss for the period	(4,530,107)
Balance at 30 September 2024 (Unaudited)	63,680,348

- (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

	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
Disposals	(174,000,000)	--	(4,190,498)	(178,190,498)
Expected credit losses	(43,125,564)	--	--	(43,125,564)
Exchange rate translation differences	--	(18,742,465)	--	(18,742,465)
Balance at 31 December 2023 (Audited)	--	74,189,014	--	74,189,014
Fair value gain	--	65,053,503	--	65,053,503
Exchange rate translation differences	--	(26,822,071)	--	(26,822,071)
Balance at 30 September 2024 (Unaudited)	--	112,420,446	--	112,420,446

- i. On 16 December 2019, the Company acquired 20,000,000 units of Al Mubarak Real Estate Income Fund 2 (the "Fund") with a nominal value of SR 10 per unit for its share in the ownership of an investment property. During the third quarter of the prior year, 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. During 2024, the ECRED legally transferred the shares in the name of the Group. At 30 September 2024, investment in ECRED has amounts to SR 112.4 million (31 December 2023: 74.2 million).

9. INVENTORIES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Finished goods		
- Available for sale	699,763,421	767,902,945
- Goods in transit	63,211,528	48,336,268
Consumables and supplies	16,628,192	11,059,807
Gross inventories	779,603,141	827,299,020
Provision for inventories	(57,279,087)	(33,784,240)
Net inventories	722,324,054	793,514,780

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10. LOANS AND BORROWINGS

		30 September 2024	31 December 2023
	Notes	(Unaudited)	(Audited)
Islamic facility with banks (Murabaha)	(i)	1,482,887,197	2,134,844,681
Islamic facility with banks (Murabaha)	(ii)	150,000,000	150,000,000
Islamic banking facilities of non-GCC subsidiaries	(iii)	6,175,058	11,502,367
Banking Facilities of GCC subsidiaries	(iv)	125,587,137	145,684,436
Banking facilities of non-GCC subsidiaries	(v)	106,116,860	64,739,292
		1,870,766,252	2,506,770,776
Short term borrowings		65,689,242	34,132,878
Current portion of long-term borrowings		1,637,499,608	2,264,111,356
Loans and borrowings - current liabilities		1,703,188,850	2,298,244,234
Loans and borrowings – non-current liabilities		167,577,402	208,526,542
		1,870,766,252	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 other 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 30 September 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 30 September 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 interim 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. During September 2024, international subsidiary obtained credit facility amounting to SAR 22 million.

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11. PROFIT/(LOSS) PER SHARE

The calculation of basic and diluted profit/(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 30 September 2024 (Unaudited)	Three-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2024 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)
Weighted average number of ordinary shares	114,766,448	114,766,448	114,766,448	114,766,448
Profit/(loss) attributable to shareholders of the company from:				
Continuing Operations	17,197,366	(173,360,746)	(33,301,682)	(74,094,470)
Discontinuing Operations	514,871	(30,754,320)	(19,870,070)	(17,685,999)
Basic and diluted profit/(loss) per share from:				
Continuing Operations	0.15	(1.51)	(0.29)	(0.65)
Discontinuing Operations	--	(0.27)	(0.17)	(0.15)

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.

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12. 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 information					
	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					
30 September 2024												
Profit or loss												
Sales	3,412,942	135,089	51,821	250,766	--	3,850,618	2,736,017	135,089	979,512	--	--	3,850,618
Depreciation and amortization	(85,864)	(3,513)	(10,398)	(12,114)	--	(111,889)	(85,564)	(3,513)	(22,812)	--	--	(111,889)
Finance charges	(218,187)	(5,045)	(183)	(4,869)	--	(228,284)	(191,787)	(5,045)	(31,452)	--	--	(228,284)
Net (loss)/profit	(21,441)	(19,870)	(5,504)	(1,475)	--	(48,290)	(99,234)	(19,870)	70,814	--	--	(48,290)
Statement of financial position												
Non-current assets	6,824,098	--	38,426	191,157	(3,407,137)	3,646,544	6,514,657	--	539,024	--	(3,407,137)	3,646,544
Current assets	1,180,787	--	(5,929)	(8,766)	--	1,166,092	813,856	--	352,236	--	--	1,166,092
Total liabilities	(5,412,560)	--	(36,919)	(193,380)	--	(5,642,859)	(5,043,056)	--	(599,803)	--	--	(5,642,859)

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	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continued operations	Discontinued operations	Continued operations	Continued operations			Continued operations	Discontinued operations	Continued operations	Discontinued operations		
Amount in SR'000						Amount in SR'000						
30-September-23												
Profit or loss												
Sales	3,428,122	449,283	54,997	288,381	--	4,220,783	2,958,820	426,232	812,680	23,051	--	4,220,783
Depreciation and amortization	(87,887)	(12,056)	(11,993)	(17,502)	--	(129,438)	(96,607)	(11,044)	(20,775)	(1,012)	--	(129,438)
Finance charges	(242,455)	(13,690)	(1,278)	(4,290)	--	(261,713)	(227,189)	(12,450)	(20,833)	(1,241)	--	(261,713)
Net profit/(loss)	(59,418)	(17,686)	(10,441)	(1,549)	--	(89,094)	(124,427)	(890)	53,019	(16,796)	--	(89,094)
30-December-23												
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)

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13. REVENUES

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 2024 (Unaudited)			
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,043,588,798	908,574,916	2,952,163,714
Footwear & accessories	72,355,488	16,378,564	88,734,052
Others	369,306,010	2,738,009	372,044,019
Fashion retail	2,485,250,296	927,691,489	3,412,941,785
Food & beverages	250,766,161	--	250,766,161
Indoor entertainment	--	51,820,880	51,820,880
Total revenues	2,736,016,457	979,512,369	3,715,528,826

Nine-month period ended 30 September 2023 (Unaudited)			
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,290,252,648	747,222,227	3,037,474,875
Footwear & accessories	92,296,065	7,447,925	99,743,990
Others	287,891,680	3,012,242	290,903,922
Fashion retail	2,670,440,393	757,682,394	3,428,122,787
Food & beverages	288,380,885	--	288,380,885
Indoor entertainment	--	54,996,577	54,996,577
Total revenues	2,958,821,278	812,678,971	3,771,500,249

14. COST OF REVENUES

	Nine-month period ended 30 September 2024 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)
Cost of sales	2,465,804,493	2,388,540,502
Employees' salaries and benefits	360,372,092	385,823,643
Depreciation on right-of-use asset	255,938,209	265,075,256
Rent expense	66,201,023	79,734,544
Utilities and maintenance	46,712,491	48,842,422
Travelling	4,301,713	4,329,088
Others	70,695,798	73,881,987
	3,270,025,819	3,246,227,442

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15. OTHER OPERATING EXPENSES & INCOME

a) OTHER OPERATING EXPENSES

		Nine-month period ended 30 September 2024 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)
	<i>Note</i>		
Expected credit losses		16,027,390	--
Loss on lease terminations		1,339,765	1,380,450
Foreign exchange loss		11,026,262	--
Store closure losses		4,016,548	7,799,532
Provision no longer required		(36,074,477)	--
Other operating expense	(i)	11,666,545	--
		8,002,033	9,179,982

- i. During the current period, the Group recorded a reversal of VAT assessment and consulting fees provision due to:
- In the fiscal year 2023, a provision was recorded for consulting fees owed to a supplier. During 2024, the Group negotiated and executed a full settlement with the supplier, leading to the reversal of the SR 9 million provision.
 - During 2021, the Group paid VAT assessment of SR 29 million which was recorded as expense. During 2024, it was successfully appealed and adjusted SR 27 million against the Group's VAT payable.

b) OTHER OPERATING INCOME

		Nine-month period ended 30 September 2024 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)
	<i>Note</i>		
Gain on disposal of assets held for sale	19	211,659,281	--
Income from owners of new malls		17,194,357	130,282,839
Foreign exchange gain, net		--	7,698,546
Rental concession for leases		--	4,009,686
Others	(i)	30,198,879	48,786,540
		259,052,517	190,777,611

- i. It includes a sub-franchising income related to Food and Beverage brands amounting to SR 22.5 million (nine -month period ended 30 September 2023: SR 18 million).

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:

	Nine-month period ended 30 September 2024 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)
Salaries and short-term benefits	11,095,434	8,794,849
Post-employment benefits	2,032,108	1,121,528
Board of Directors and board committees' remuneration	3,108,554	3,292,750
Total key management compensation	16,236,096	13,209,127

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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 (Nine months ended)		Balance outstanding at	
			30-September-24	30-September-23	30-September-24	31-December-23
Saudi FAS Holding Company	Shareholder	Receipts	--	366,999,000	--	--
		Expenses paid on behalf of Company	--	712,497	--	--
Egyptian Center for Real Estate Development	Affiliate	Rental	1,014,003	1,586,798	--	--
Al Farida Trading Agencies	Equity accounted investees	Services / payment made on behalf of Company	7,549,239	7,831,004	20,853,878	16,786,501
Amwal Al Khaleeja Al Oula	Affiliate	Payment made on our behalf	3,482,025	4,452,018	--	--
		Management services	--	--	2,271,205	2,271,205
Food and entertainment co Ltd	Affiliate	Payments made on behalf of the Group	--	62,189	14,633,099	14,633,099
Due from related parties					37,758,182	33,690,805
Arabian Centers Company	Affiliate	Lease payments	52,812,778	377,140,775	(414,511,299)	(207,881,881)
		Income of new malls	--	119,282,839	--	--
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods	24,886,520	15,123,961	(10,783,125)	(10,730,207)
Hajen Co. ltd.	Affiliate	Printing and advertisement	544,060	2,568,869	(243,260)	(360,436)
Due to related parties					(425,537,684)	(218,972,524)

All outstanding balances with these related parties are to be settled in cash within the agreed credit period from the date of transaction.

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A. ACCOUNTING CLASSIFICATION AND FAIR VALUES

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 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).

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.

		30 September 2024 (Unaudited)			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets / (liabilities)					
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	112,420,446	--	--	112,420,446	112,420,446
		31 December 2023 (Audited)			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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

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

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).

B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

Type	Valuation technique and significant unobservable inputs
Derivative asset	<p>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.</p>

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

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.

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 2024 (Unaudited)	31 December 2023 (Audited)
Cash at bank	107,970,072	214,358,669
Advances, deposits and other receivables	61,638,848	57,718,635
	169,608,920	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.

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

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 7.2 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	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Letter of credits	Purchase of retail trading inventory	159,265,215	339,913,830
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	425,409,502	441,725,839

19. ASSETS HELD FOR SALE

During the years 2023 and 2024, the Group restructured part of its operations as previously described in Note (3-2). Sixteen trademarks were sold during the year ended 31 December 2023, and the assets and liabilities associated with them were presented as of that date as assets and liabilities associated with assets held for sale, after signing an agreement between the Company and another local retailer. The procedures related to the deal were completed on 8 February 2024. During the nine-month period ending 30 September 2024, an additional 7 brands were sold.

The Group is still continuing to sell certain non-strategic trademarks, during the subsequent period of the interim condensed consolidated financial statements of 30 September 2024 the Management has obtained internal approvals to sell another set of trademarks, which are 16 trademarks, Management expects to complete these deals by the end of the second quarter of 2025. and therefore, the assets and liabilities of those trademarks are not presented as assets and liabilities held for sale, according to the requirements of IFRS 5 Non-current assets held for sale and discontinued operations.

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19. ASSETS HELD FOR SALE (CONTINUED)

Details of assets and liabilities relating to these brands are as follows:

	30 September 2024 (Unaudited)
Assets	
Property and equipment	100,472,803
Inventories	50,790,995
Other current assets	8,455,163
Total assets	159,718,961
Liabilities	
Trade payables and accruals	673,924
Total liabilities	673,924
Net assets disposed off	159,045,037
Consideration	370,704,318
Gain on disposal of brands	211,659,281

Profit or loss Statement relating to these Brands is as follows:

	Nine-month ended 30 September 2024 (Unaudited)	Nine-month ended 30 September 2023 (Unaudited)
Revenue	135,089,139	426,231,815
Cost of revenue	(149,353,639)	(384,875,288)
Gross (loss) / profit	(14,264,500)	41,356,527
Other operating income	9,068,124	1,482,813
Selling and distribution expenses	(5,532,997)	(20,256,351)
Depreciation on property and equipment	(3,338,126)	(10,667,973)
Amortization on intangible assets	(174,756)	(375,829)
Other operating expense	(583,132)	20,525
Operating (loss) / Profit	(14,825,387)	11,559,712
Net finance costs	(5,044,683)	(12,449,671)
Loss before zakat and income tax	(19,870,070)	(889,959)
Zakat and Income tax expense	--	--
Loss for the period	(19,870,070)	(889,959)

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19. ASSETS HELD FOR SALE (CONTINUED)

The group restructured some of its operations, where have been disposed subsidiaries in the following countries (Morocco, Balkan and the United Kingdom) during the year ending December 31, 2023.

Profit or loss Statement relating to disposed of subsidiaries in 2023 is as follows:

	Nine-month ended 30 September 2024 (Unaudited)	Nine-month ended 30 September 2023 (Unaudited)
Revenue	--	23,051,064
Cost of revenue	--	(32,729,393)
Gross (loss) / profit	--	(9,678,329)
Other operating income	--	2,342,782
Selling and distribution expenses	--	(136,564)
General and administrative expenses	--	(3,287,510)
Depreciation on property and equipment	--	(1,012,436)
Amortization on intangible assets	--	--
Other operating expense	--	(3,656,008)
Operating loss	--	(15,428,065)
Net finance costs	--	(1,240,625)
Loss before zakat and income tax	--	(16,668,690)
Zakat and Income tax expense	--	(127,350)
Loss for the period	--	(16,796,040)