Consolidated Statement of Cash Flows

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

	Note	31 December 2024	31 December 2023
Cash flows from investing activities:			
Purchase of property and equipment		**(208,905,101)**	(238,888,731)
Purchase of intangible assets		**(10,260,747)**	(77,674,351)
Proceeds on disposal of brands		**331,435,895**	--
Additional capital contribution to equity accounted investment		**(4,881,676)**	(12,887,150)
Dividend paid to NCI shareholder		**(3,333,000)**	--
Proceeds of cash margin		**--**	4,190,498
Proceeds of other investment		**--**	174,000,000
Net cash generated from / (used in) investing activities		**104,055,371**	(151,259,734)
Cash flows from financing activities:			
Additions in loans and borrowings		**482,920,060**	334,347,043
Repayments of loans and borrowings		**(1,147,071,895)**	(762,978,583)
Repayments of lease liabilities		**(321,888,520)**	(407,047,844)
Payments of finance costs over loans and borrowings		**(251,690,833)**	(216,777,177)
Payments of finance costs over lease liabilities	26B	**(106,760,963)**	(117,855,127)
Net cash used in financing activities		**(1,344,492,151)**	(1,170,311,688)
Net increase in cash and cash equivalents		**95,839,730**	62,761,378
Foreign currency exchange translation differences		**(27,769,883)**	(18,686,862)
Cash and cash equivalents at the beginning of year		**188,141,687**	144,067,171
Cash and cash equivalents at end of year	14	**256,211,534**	188,141,687

The attached notes from 1 to 34 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem	**Salim Fakhouri**	**Fawaz Abdulaziz Al Hokair**
Deputy Chief Financial Officer	Chief Executive Officer	Chairman

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented 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.

These consolidated financial statements were approved by the Board of Directors for issuance on 26 Ramadan 1446H corresponding to 26 March 2025AD.

2. GROUP STRUCTURE

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

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2024	31 December 2023
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	Al-Jeel Trading Company	Kingdom of Saudi Arabia	Retail	100	100
10	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	International Retail of Morocco	Morocco	Retail	-	100
24	Multi Trends Co.	Morocco	Retail	-	100
25	Retail Group of America LLC	United States of America	Entertainment	-	100
26	Billy Beez USA	United States of America	Entertainment	-	100
27	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	-	100
28	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	-	100
29	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	-	100
30	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	-	100
31	RIGE Co.	Arab Republic of Egypt	Retail	99	99
32	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
33	Retail Group Armenia CJSC	Armenia	Retail	96	96

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2024	31 December 2023
34	Spanish Retail CJSC	Armenia	Retail	100	100
35	ZR Fashion Retail CJSC	Armenia	Retail	100	100
36	Global Apparel CJSC	Armenia	Retail	100	100
37	BR Fashion Retail CJSC	Armenia	Retail	100	100
38	Master Retail CJSC	Armenia	Retail	100	100
39	Best Retail CJSC	Armenia	Retail	100	100
40	Retail Group CJSC	Armenia	Retail	100	100
41	Pro Retail CJSC	Armenia	Retail	100	100
42	Factory Prices CJSC	Armenia	Retail	100	100
43	HComfort Retail Group CJSC	Armenia	Retail	100	100
44	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
45	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
46	Models Own Holding Limited	United Kingdom	Retail	-	51
47	Models Own Limited	United Kingdom	Retail	-	51
48	Models Own International Ltd.	United Kingdom	Retail	-	51
49	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
50	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
55	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
56	Retail Group Holding LLC	Azerbaijan	Retail	85	85
57	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
58	Fashion Group CA	Uzbekistan	Retail	80	80
59	Fashion Retail Store	Uzbekistan	Retail	80	80
60	Master Retail Store	Uzbekistan	Retail	80	80
61	Retail Boutique	Uzbekistan	Retail	80	80
62	Retail Group Global	Uzbekistan	Retail	80	80
63	Retail Group Store	Uzbekistan	Retail	80	80
64	Retail Store Pro	Uzbekistan	Retail	80	80
65	Spanish Store	Uzbekistan	Retail	80	80

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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.

3. BASIS OF ACCOUNTING

3.1 STATEMENT OF COMPLIANCE

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

3.2 GOING CONCERN BASIS OF ACCOUNTING

The Group incurred a net loss of ⃁ 197 million during the year ended 31 December 2024 (2023: ⃁ 1,113 million), resulting in the accumulated losses to be ⃁ 1,607 million (2023: ⃁ 1,404 million). As of that date, the Company's current liabilities exceeded its current assets by ⃁ 2,925 million (2023: ⃁ 3,054 million). Further, the Group is required to maintain certain financial ratios as required under a facility agreement entered into with a local commercial bank and the Group is not in compliance with this as of 31 December 2024. Accordingly, the Company did not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting date. As a result, the Group has classified long-term borrowings as current liability (note 15). Such loan classification was the main driver for current liabilities to exceed the current assets. Currently, the Group has not received any default notice nor communication from the lenders that require repayment of the loan before its original contractual maturity. These events or conditions, along with other matters, indicate that material uncertainty exists and 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 business lines, debt, and equity in addition to increasing the volume of its revenue appropriately.

Management of the Group has been reorganizing its brand mixture - over the past couple of years - existing certain underperforming brands and directing more funds to performing brands, whereas the group has disposed of, or in the plan to dispose a total of 28 loss-making brands. This is expected to lead to expansions and diversifications in the stores of the performing brands and trademarks. Certain cost-cutting plans were also applied over the past couple of years, which led to enhancing gross margins and turning operating losses to profits. During 2024, the Group has recognized an increased positive gross profit of ⃁ 632 million (2023: ⃁ 597 million), operating profits of ⃁ 237 million (2023: A loss of ⃁ 622 million) and positive cash inflows from operating activities of ⃁ 1,336 million (2023: ⃁ 1,384 million). Additionally, the Group is currently in discussion with lenders to restructure its debts and has managed to repay banks facilities during the year amounted to ⃁ 1,147 million (2023: ⃁ 763 million).

Based on the steps taken above, and relying on the support of the major shareholder, Management has assessed the Group's ability to continue as a going concern and is satisfied that its operations shall continue for the foreseeable future under the normal course of business. Accordingly, these consolidated financial statements have been prepared on the going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

3.3 BASIS OF MEASUREMENT

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

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. JUDGEMENTS

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

Determination of control over an investee

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

Based on above considerations, management of the Group believes:

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

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

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

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

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

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

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determination of the incremental borrowing rate of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

B. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets

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

Impairment test of financial assets

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

Provision for slow moving inventory and shrinkage

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

Economic useful lives and residual values of property and equipment & intangible assets

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

Long-term assumptions for employee benefits

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

A. BASIS OF CONSOLIDATION

I. SUBSIDIARIES

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

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:

- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

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

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

I I. INTEREST IN EQUITY-ACCOUNTED INVETEES

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

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

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

B. FOREIGN CURRENCIES

I. FUNCTIONAL AND PRESENTATION CURRENCY

The accompanying consolidated financial statements are presented in Saudi Riyals which is the functional currency and presentation currency of the company. Each subsidiary in the Group determines its own functional currency (which is the currency of the primary economic environment in which the subsidiary operates), and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

II. TRANSACTIONS AND BALANCES

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

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

III. FOREIGN OPERATIONS

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

C. REVENUE RECOGNITION

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

SALES IN RETAIL OUTLETS

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

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

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

ONLINE SALES

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

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

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

D. PROPERTY AND EQUIPMENT

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (please refer Note 5M).

E. COST OF REVENUE

Cost of revenue includes the actual cost of the product and the cost of transportation to the Group's distribution facilities and warehouses from suppliers.

F. INVESTMENT PROPERTY

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

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

G. INTANGIBLE ASSETS

I. GOODWILL

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

II. OTHER INTANGIBLE ASSETS

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

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

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

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

H. ASSETS HELD FOR SALE

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

I. INVENTORIES

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

I. CASH AND CASH EQUIVELANTS

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

J. FINANCIAL ISTRUMENTS

I. RECOGNITION AND INITIAL MEASUREMENT

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

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

II. CLASSIFICATION AND SUBSEQUENT MEASURMENT

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

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

Financial assets: Subsequent measurement and gains and losses

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

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

III. DERECOGNTION

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

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

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

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

IV. OFFSETTING

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

K. IMPAIRMENT OF FINANCIAL INSTRUMENTS

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

L. IMPAIRMENT OF NON-FINANCIAL ASSET

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

M. BORROWINGS

Borrowings are initially recognized at fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective profit rate method. Any difference between the proceeds (net of transaction costs), and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective profit rate method.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

N. FINANCE INCOME AND FINANCE COST

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

O. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

P. PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

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

Q. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest rate method.

R. EMPLOYEE BENEFITS AND POST-EMPLOYEMENT BENEFITS

I. SHORT-TERM OBLIGATIONS

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

II. POST-EMPLOYEMENT OBLIGATION

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

S. ZAKAT AND INCOME TAX

I. ZAKAT

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

II. INCOME TAX

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

III. DEFERRED TAX

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

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

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

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

T. DIVIDENDS

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

U. EARNINGS PER SHARE

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

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

V. STATUTORY RESERVE

In accordance with the previous Companies Law and the Company's Articles of Association, 10% of the period's profits were required to be set aside as a statutory reserve. However, following amendments to the Companies Law during the year ending December 31, 2024, the requirement to set aside a statutory reserve was waived.

W. LEASES

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

As a lessee

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

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

Short-term leases and leases of low-value assets

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

X. SEGMENT REPORTING

An operating segment is a component of the Company:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

6. PROPERTY AND EQUIPMENT

See accounting policies in Notes 5D and 5L.

A. RECONCILIATION OF CARRYING AMOUNT

	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Under construction	Total
Cost:						
Balance at 31 December 2022	14,920,930	2,835,679,867	798,156,739	16,211,953	104,754,634	3,769,724,123
Additions	--	163,918,336	56,902,235	23,357	81,395,627	302,239,555
Transfer	--	32,600,658	5,817,321	--	(101,768,804)	(63,350,825)
Write off	--	(385,207,390)	(155,768,173)	(697,926)	--	(541,673,489)
Transfer to disposal group classified as assets held for sale	--	(167,919,479)	(22,047,978)	(109,426)	--	(190,076,883)
Balance at 31 December 2023	14,920,930	2,479,071,992	683,060,144	15,427,958	84,381,457	3,276,862,481
Additions		**100,443,560**	**68,492,562**	**26,612**	**39,942,367**	**208,905,101**
Transfer	**--**	**53,723,245**	**15,120,132**	**--**	**(68,843,377)**	**--**
Disposal	**--**	**(138,121,549)**	**(35,826,840)**	**(1,272,400)**	**(6,781,524)**	**(182,002,313)**
Disposal of subsidiary		**(150,604,784)**	**(7,954,090)**	**(138,172)**	**(14,099,966)**	**(172,797,012)**
Disposal of brands	**--**	**(112,417,960)**	**(6,411,834)**	**(32,050)**	**--**	**(118,861,844)**
Transfer to disposal group classified as assets held for sale	**--**	**(81,926,740)**	**(14,086,696)**	**--**	**(2,408,351)**	**(98,421,787)**
Balance at 31 December 2024	**14,920,930**	**2,150,167,764**	**702,393,378**	**14,011,948**	**32,190,606**	**2,913,684,626**
Accumulated depreciation and impairment losses:						
Balance at 31 December 2022	--	1,884,115,621	547,625,026	13,655,041	--	2,445,395,688
Charge for the year from continuing operation	--	102,501,421	46,463,100	623,740	--	149,588,261
Charge for the year from discontinuing operation assets held for sale	--	8,589,453	--	--	--	8,589,453
Charge for the year from disposed subsidiary	--	1,310,477	--	--	--	1,310,477
Transfer	--	(194,249)	428,647	--	--	234,398
Write off	--	(228,079,510)	(116,316,813)	(690,909)	--	(345,087,232)
Disposal of subsidiary	--	(117,667,674)	(15,364,026)	(109,423)	--	(133,141,123)
Balance at 31 December 2023	--	1,650,575,539	462,835,934	13,478,449	--	2,126,889,922
Charge for the year from continuing operation	**--**	**79,162,099**	**40,270,180**	**507,103**	**--**	**119,939,382**
Charge for the year from disposed subsidiaries	**--**	**12,526,965**	**1,353,352**	**--**	**--**	**13,880,317**
Charge for the year from discontinuing operation assets held for sale	**--**	**7,826,226**	**1,093,989**	**4,715**	**--**	**8,924,930**
Disposal	**--**	**(144,310,060)**	**(22,239,173)**	**(774,936)**	**--**	**(167,324,169)**
Disposal of subsidiary		**(139,388,953)**	**(6,045,108)**	**(105,011)**		**(145,539,072)**
Disposal of brands	**--**	**(71,417,176)**	**(3,875,577)**	**(32,049)**	**--**	**(75,324,802)**
Transfer to disposal group classified as assets held for sale	**--**	**(40,247,039)**	**(8,531,507)**	**--**	**--**	**(48,778,546)**
Balance at 31 December 2024	**--**	**1,354,727,601**	**464,862,090**	**13,078,271**	**--**	**1,832,667,962**
Carrying amounts:						
At 31 December 2023	14,920,930	828,496,453	220,224,210	1,949,509	84,381,457	1,149,972,559
At 31 December 2024	**14,920,930**	**795,440,163**	**237,531,288**	**933,677**	**32,190,606**	**1,081,016,664**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

7. GOODWILL AND INTANGIBLE ASSETS

See accounting policies in Notes 5G and 5L.

A. RECONCILIATION OF CARRING AMOUNT

	Goodwill	Software	Key money	Deferred charges	Total
Cost					
Balance at 31 December 2022	1,012,387,298	178,676,450	181,261,520	31,298,102	1,403,623,370
Additions	--	16,270,262	2,350,432	3,661,349	22,282,043
Transfer	--	56,765,127	(35,231,755)	--	21,533,372
Impairment	--	(17,088,435)	(5,878,156)	(3,231,253)	(26,197,844)
Disposals / Write-off	--	(882,858)	(6,610,699)	(2,274,369)	(9,767,926)
Transfer to disposal group classified as held for sale	--	(894,300)	(3,945,952)	(807,800)	(5,648,052)
Balance at 31 December 2023	1,012,387,298	232,846,246	131,945,390	28,646,029	1,405,824,963
Additions	**--**	**6,252,114**	**93,056**	**3,915,577**	**10,260,747**
Transfer to disposal group held for sale	**--**	**(173,616)**	**(1,856,577)**	**(656,075)**	**(2,686,268)**
Disposals / write-off	**--**	**(42,356,215)**	**160,724**	**(6,640,037)**	**(48,835,528)**
Disposal of brands	**--**	**(3,685)**	**(4,559,895)**	**(2,230,977)**	**(6,794,557)**
Balance at 31 December 2024	**1,012,387,298**	**196,564,844**	**125,782,698**	**23,034,517**	**1,357,769,357**
Accumulated amortization and impairment					
Balance at 31 December 2022	86,150,879	71,493,441	116,395,036	8,738,335	282,777,691
Charge for the year from continuing operation	--	8,613,282	3,463,732	2,818,019	14,895,033
Charge for the year associated with assets held for sale	--	--	331,818	--	331,818
Impairment charge for the year	370,000,000	--	--	--	370,000,000
Transfers	--	2,819,796	(3,323,674)	--	(503,878)
Disposal / write off	--	(1,250,500)	(7,452,652)	(4,147,149)	(12,850,301)
Transfer to disposal group classified as held for sale	--	(461,606)	(3,736,580)	(396,851)	(4,595,037)
Balance at 31 December 2023	456,150,879	81,214,413	105,677,680	7,012,354	650,055,326
Charge for the year from continuing operation	**--**	**10,705,345**	**2,215,342**	**2,922,063**	**15,842,750**
Charge for the year associated with assets held for sale	**--**	**103,165**	**154,747**	**376,129**	**634,041**
Impairment	**95,350,000**	**--**	**--**	**--**	**95,350,000**
Disposals / write-off	**--**	**(23,563,663)**	**103,572**	**(1,014,556)**	**(24,474,647)**
Transfer to disposal group held for sale	**--**	**(56,048)**	**(1,232,604)**	**(412,343)**	**(1,700,995)**
Disposal of brands	**--**	**--**	**(4,206,349**	**(1,185,835)**	**(5,392,184)**
Balance at 31 December 2024	**551,500,879**	**68,403,212**	**102,712,388**	**7,697,812**	**730,314,291**
Carrying amount					
At 31 December 2023	556,236,419	151,631,833	26,267,710	21,633,675	755,769,637
At 31 December 2024	**460,886,419**	**128,161,632**	**23,070,310**	**15,336,705**	**627,455,066**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

B. GOODWILL

	Note	Year	31 December 2024	31 December 2023
Nesk Trading Projects Co including Mango brand	(i)	2012 & 2014	**280,534,622**	355,384,622
Food Gate Company	(ii)	2020	**88,000,593**	108,500,593
Wahba Trading Company Ltd	(iii)	2020	**61,437,764**	61,437,764
Innovative Union Company	(ii)	2009	**30,913,440**	30,913,440
Carrying amount			**460,886,419**	556,236,419

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

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

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

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

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

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

C. IMPAIRMENT TEST

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

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

	Nesk Projects Trading Company	Food Gate Company	Wahba Trading Company Limited	Innovative Union Company
Discount rate	**13%**	**13.5%**	**12.5%**	**13%**
Average annual growth rate for sale	**5.1%**	**2.3%**	**3.5%**	**3.8%**
Terminal growth rate	**2.5%**	**2.5%**	**2.5%**	**2.5%**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

D. SENSITIVITY TO CHANGES IN ASSUMPTIONS

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

8. INVESTMENT PROPERTY

See accounting policies in Notes 5F and 5L.

Reconciliation of carrying amount	Residential apartment
Cost	
Balance at 31 December 2022	3,516,928
Balance at 31 December 2023	3,516,928
Balance at 31 December 2024	**3,516,928**
Accumulated depreciation and impairment	
Balance at 31 Dec 2022	2,129,728
Charge for the year	122,400
Balance at 31 December 2023	2,252,128
Charge for the year	**122,400**
Balance as at 31 December 2024	**2,374,528**
Carrying amount	
At 31 December 2023	1,264,800
At 31 December 2024	**1,142,400**

(i) Investment property represents an apartment located at unit no. 301, The Pad, Business Bay, Dubai, United Arab Emirates. The fair valuation for the apartment has been performed by an external valuer appointed by the management who assessed the fair value of the investment property at ⃁ 2.7 million (2023: ⃁ 1.9 million).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

9. EQUITY ACCOUNTED INVESTMENT

See accounting policies in Notes 5A and 5M.

	FAS LAB (i)
Balance at 31 December 2022	62,139,303
Addition	12,887,150
Share of loss	(10,197,674)
Balance at 31 December 2023	64,828,779
Addition	**4,881,676**
Share of (loss) and impairment	**(23,705,661)**
Balance at 31 December 2024	**46,004,794**
Financial year	**31 December 2024**
Assets	**303,931,485**
Liabilities (including NCI)	**155,689,225**
Net Assets	**148,242,260**
Percentage ownership interest	**50%**
Group's share of net assets	**74,121,130**
Adjustment	**(28,116,336)**
Carrying amount	**46,004,794**
Revenue	**542,002,993**
Profit from continuing operations	**(13,185,108)**
Total comprehensive income	**(13,185,108)**
Group's share of total comprehensive income	**(6,592,554)**
Adjustment (ii)	**(17,113,107)**
Group's share of total comprehensive income and impairment	**(23,705,661)**

(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.

(ii) During the year, Group recognized an impairment loss of due to earn-out liability amounting to ⃁ 17 million.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

10. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

See accounting policies in Notes 5J and 5P.

	Equity securities at FVOCI (i)
Balance at 31 December 2022	92,931,479
Unrealized currency exchange differences	(18,742,465)
Balance at 31 December 2023	74,189,014
Change in fair value	**42,034,282**
Unrealized currency exchange differences	**(31,851,384)**
Balance at 31 December 2024	**84,371,912**

i. During the year ended 31 March 2021, the Group has 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 period ending December 2024, Egyptian Centers for Real Estate Development (ECRED) transferred the same 8.9% shares to the Group, including all investments acquired or merged during the period, at the ECRED group level. The Group reassessed the value of these shares, recording gain in other comprehensive income of ⃁ 42 million at 31 December 2024, investment in ECRED has been valued at ⃁ 84.4 million (31 December 2023: 74.2 million).

11. INVENTORIES

See accounting policy in Note 5L.

	Note	31 December 2024	31 December 2023
Finished goods			
- Available for sale		**667,229,509**	767,902,945
- Goods in transit		**36,050,912**	48,336,268
- Consumables and supplies		**8,056,457**	11,059,807
Gross inventories		**711,336,878**	827,299,020
Provision for inventory	(i)	**(79,054,598)**	(33,784,240)
Net inventories		**632,282,280**	793,514,780

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

i. Movement in provision for inventory is as follows:

	31 December 2024	31 December 2023
Opening balance	**33,784,240**	348,412,258
Charge for the year	**56,006,092**	111,436,113
Written off	**(3,243,144)**	(426,064,131)
Provision written of due to sale of brands	**(1,756,878)**	--
Transfer to disposal group classified as held for sale	**(5,735,712)**	--
Closing balance	**79,054,598**	33,784,240
Inventories directly written off to profit or loss	**3,243,144**	30,339,860

12. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

See accounting policies in Notes 5M.

	Note	31 December 2024	31 December 2023
Receivables due from related parties	30B	**15,338,911**	31,419,600
Other receivables			
- Advances, deposits and other receivables excluding related party receivables		**41,844,981**	79,234,221
- Receivable from credit card and wholesale		**31,657,943**	42,884,793
- Receivable from disposal of subsidiary	32	**19,655,494**	--
- Receivable from online marketplaces		**18,961,741**	25,297,301
- Security deposits		**17,113,831**	15,578,877
- Custom refund receivable		**10,235,313**	8,990,391
- Employee receivables		**9,920,899**	15,037,437
- Margin on letters of credit and guarantee		**7,009,058**	43,127,792
- Receivable from human resources development fund		**4,365,635**	13,505,584
- Receivable from disposal of brands		**2,220,497**	--
- Margin compensation receivable		**1,970,767**	3,404,524
- Receivable from disposal of other investment		**--**	10,125,564
- Others		**6,443,459**	18,852,406
		171,399,618	276,038,890
- Deduct: expected credit loss		**(17,523,902)**	(5,083,164)
Total advances, deposits and other receivables		**169,214,627**	302,375,326

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

13. PREPAYMENTS

See accounting policies in Note 5M.

	31 December 2024	31 December 2023
Prepaid taxes	21,111,782	10,009,060
Prepaid insurance	3,450,605	1,521,731
Others	10,438,333	14,268,611
	35,000,720	25,799,402

14. CASH AND CASH EQUIVELANTS

See accounting policy in Note 5I.

	Note	31 December 2024	31 December 2023
Bank balances	(i)	237,183,226	214,358,669
Cash in hand		19,028,308	20,888,713
Cash and cash equivalents in consolidated statement of financial position		256,211,534	235,247,382
Bank's overdraft		--	(47,105,695)
Cash and cash equivalents in consolidated statement of cash flows		256,211,534	188,141,687

15. LOAN AND BORROWINGS

See accounting policies in Note 5N.

	Note	31 December 2024	31 December 2023
Islamic facility with banks (Murabaha)	(i)	1,487,386,027	2,134,844,681
Islamic facility with banks (Murabaha)	(ii)	5,831,109	150,000,000
Islamic banking facilities of non-GCC subsidiaries	(iv & v)	73,415,369	11,502,367
Banking Facilities of GCC subsidiaries	(iii)	150,000,000	145,684,436
Banking facilities of non-GCC subsidiaries	(v)	118,537,406	64,739,292
Loan from affiliate	(vi)	7,449,030	--
		1,842,618,941	2,506,770,776
Short term borrowings		45,572,438	34,132,878
Current portion of long-term borrowings		1,714,597,473	2,264,111,356
Loans and borrowings - current liabilities		1,760,169,911	2,298,244,234
Loans and borrowings - non-current liabilities		82,449,030	208,526,542
		1,842,618,941	2,506,770,776

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 24.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

A. TERMS AND REPAYMENT

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

   The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. As at 31 December 2024, 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 current breach of financial covenants is considered a default event, which in turn allows the banks to declare the immediate maturity of entire outstanding balance of the loan. Accordingly, the long term loan balance was reclassified to be part of current liabilities in the consolidated statement of financial position.

   The Company requested the lenders to waive the breach of loans covenants more than once during the year to which the lenders did not agree. However, the lenders have agreed that any waivers of the breach of loan covenants will only be considered in light of successful implementation of Capital Restructuring Transaction, the prepayment of revolving Murabaha Facilities and the corresponding partial cancellation of commitments under the Revolving Murabaha Facilities. The Board of Directors in their meeting dated 10 November 2021 had resolved that the Company will proceed with the rights issue of ⃁ 1,000 million. On the board's recommendation, the shareholders through an extra-ordinary general meeting held on 29 June 2022 have approved the reduction of the share capital of the parent company to absorb the accumulated losses of ⃁ 952 million as at 31 December 2021. The rights issue is yet to be approved by the shareholders.

ii. During 2022, the Group signed a Murabaha term financing agreement with a Riyadh Bank amounting to ⃁ 150 million. As per the terms of the agreement, the term of the Murabaha facility is for a period of three years including 6 months grace period. The facility is repayable in 36 monthly installments commencing after 6 months from the date of signing the agreement. The agreement was signed in November 2022.

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

iv. During 2023, the Group has obtained 2 new term loans from banks outside KSA to support their operations amounted to USD 15 million, USD 25 million dollars (equivalent to ⃁ 56.2 million, and ⃁ 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 ⃁ 42.1 million and the 2nd facility is a short-term loan amounting to ⃁ 22.6 million.

vi. During 2024, international subsidiary obtained credit facilities amounting to ⃁ 38.1 million. ⃁ 22 million was obtained for working capital facility in their local currency, to support the operations in the country. ⃁ 8.6 million was obtained from another country with repayment terms of 18 months. An international subsidiary obtained a loan from an affiliate of a non-controlling shareholder amounting to ⃁ 7.5 million. The purpose of providing the loan amount is to ensure the ongoing operations of the company in relation to the retail stores, as well as the conclusion, execution, and payment of supply contracts in the development of these brands and stores.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
All amounts are presented in Saudi Riyals unless otherwise stated.

16. TRADING AND OTHER PAYABLES

See accounting policy in Note 5R.

	Note	31 December 2024	31 December 2023
Trade payables			
Trade payables to suppliers		500,920,182	413,413,178
Trade payables to rental vendors		100,966,420	110,408,642
		601,886,602	523,821,820
Other payables			
Due to related parties	30B	453,247,163	192,644,723
VAT payable		335,935,022	198,038,199
Contractors and others		174,253,161	176,154,926
Employees' salaries and benefits		20,693,125	60,823,186
Royalty		--	13,430,023
		984,128,471	641,091,057
Accrued expenses			
Deferred income from landlord		61,007,471	57,770,000
Non-trade accruals		53,222,604	42,782,939
Finance cost - accruals		46,475,406	64,401,833
Government duties		1,178,252	512,734
Consignment margin		--	15,688,627
Other accruals and other liabilities		51,612,271	54,017,588
		213,496,004	235,173,721
Trade and other payables		1,799,511,077	1,400,086,598

The Company did not meet the legal deadlines to pay its VAT obligations for few months in 2024, this has led to certain fines and financial penalties being imposed over the Company. The Zakat, Tax, and Customs Authority (ZATCA) has introduced an initiative effective since 1 January 2025 till 30 June 2025, which aimed at allowing companies to install their VAT overdues over a short span of time with a benefit to waive fines and financial penalties, including those on late payments. This initiative offers companies a more flexible opportunity to resolve their financial obligations.

The Company is currently in advanced discussions with ZATCA to finalize an agreement for submitting an installment payment plan for the outstanding amounts. As a result, the Company expects that it will benefit from an exemption on fines and financial penalties and that the likelihood of incurring such penalties are remote.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
All amounts are presented in Saudi Riyals unless otherwise stated.

17. EMPLOYEE BENEFITS

See accounting policy in Note 5S.

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

A. MOVEMENT IN EMPLOYEE BENEFITS LIABILITY

	31 December 2024	31 December 2023
Opening balance	89,333,116	95,948,028
Included in profit or loss		
Current service cost	15,275,701	17,857,600
Interest cost	4,432,316	4,479,336
	19,708,017	22,336,936
Included in OCI		
Actuarial (gain) loss arising from		
– financial assumptions	(2,940,481)	(3,889,576)
– other assumptions and experience adjustments	2,432,867	2,445,482
	(507,614)	(1,444,094)
Other		
Benefits paid	(30,240,855)	(20,271,864)
Transfer to disposal group classified as held for sale	(4,363,874)	(7,235,890)
Balance at	73,928,790	89,333,116

B. SIGNIFICANT ACTUARIAL ASSUMPTIONS

The significant actuarial assumptions used were as follows:

	31 December 2024	31 December 2023
Economic assumptions		
Gross discount rate	5.50%	5.00%
Price inflation	2.00%	2.0%
Salary growth rate	3.00%	3.00%
Demographics assumptions		
Number of employees	4,637	6,774
Average age of employees (years)	33.6	33
Average years of past service	5	4

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

C. SENSITIVITY ANALYSIS

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

	31 December 2024		31 December 2023	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	7,477,806	(6,432,808)	8,678,605	(7,364,112)
Discount rate (1% movement)	(6,115,299)	7,218,660	(7,171,314)	8,587,683

18. ZAKAT AND TAX LIABILITIES

See accounting policy in Note 5T.

A. AMOUNTS RECOGNIZED IN PROFIT OR LOSS AND FINANCIAL POSITION

Recognized in profit or loss

	Note	31 December 2024	31 December 2023
Current year zakat charge	18B	36,986,395	31,267,747
Current year income tax charge	18C	23,615,994	17,498,840
		60,602,389	48,766,587

Recognized in financial position

	Note	31 December 2024	31 December 2023
Zakat	18B	99,324,253	85,054,391
Income tax	18C	(95,388)	1,522,208
		99,228,865	86,576,599

B. ZAKAT

i. Movement in zakat liability is as follows:

	Note	31 December 2024	31 December 2023
Opening balance		85,054,391	62,722,287
Zakat charge			
- Current year		--	6,960,204
- Prior years – charge / (reverse)		36,986,395	24,307,543
Net charge during the year		36,986,395	31,267,747
Paid		(22,716,533)	(8,935,643)
Closing balance		99,324,253	85,054,391

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

ii. Computation of zakat charge is as follows:

	Note	31 December 2024	31 December 2023
Shareholders' equity and other payables		2,414,561,887	5,450,174,127
Adjusted net income		(197,463,333)	140,043,005
Deductions and other adjustments		(3,210,789,284)	(5,346,401,885)
Zakat base		(796,227,397)	278,408,147
Zakat at 2.5% (higher of adjusted net income or Zakat base)		--	6,960,204

iii. Status of zakat assessments is as follows:

Zakat self-assessments for the Company have been finalized with ZATCA and final certificates have been obtained for the fiscal years up to 2023.

Final Zakat assessments for 2015 up to 2018 have been issued by ZATCA and resulted in additional Zakat liabilities of ⃁ 60.3 million. The Company has accrued the all required provision to cover due amounts while waiting for a final decision from the General Secretariat of Zakat, Tax and Customs Committees (GSZTC). The Company has finalized its Zakat assessment for the 2019 fiscal year which resulted in an additional Zakat liability of ⃁ 13 million and has provided the necessary provision thereto.

Additionally, ZATCA has finalized its audits for the 2020-2023 fiscal years and issued its final assessments without any additional Zakat liability.

C. INCOME TAX

i. Movement in income tax is as follows:

	Note	31 December 2024	31 December 2023
Opening balance		1,522,208	7,763,181
Current year income and deferred tax charge	(a)	23,615,994	17,498,841
Paid		(25,233,590)	(23,739,814)
Closing balance		(95,388)	1,522,208

ii. Status of income tax assessments is as follows:

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

The income tax returns for above subsidiaries are under review by the relevant tax authorities. As at 31 December 2024, there are no pending adverse assessments relating to income tax in any of the subsidiaries. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

19. SHARE CAPITAL AND RESERVES

SHARE CAPITAL

The Company's share capital as at 31 December 2024, and 31 December 2023 is as below:

	31 December 2024			31 December 2023		
	No. of shares	Par value	Total	No. of shares	Par value	Total
Ordinary share capital	**114,766,448**	**10**	**1,147,664,480**	114,766,448	10	1,147,664,480

20. OPERATING SEGMENTS

See accounting policy in Note 5Y.

A. BASIS FOR SEGMENTATION

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

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

Reportable segments

The following table describes the operations of each reportable segments:

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

Geographical information

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

B. INFORMATION ABOUT REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION

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

	Reportable segments						Geographical segments					
	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continuing ops	Discontinued ops	Discontinued ops	Continuing ops			Continuing ops	Discontinued ops	Continuing ops	Discontinued ops		
	Amount in ⃁'000						Amount in ⃁'000					
31 December 2024												
Profit or loss												
Sales	4,516,663	300,838	68,144	327,846	--	5,213,491	3,509,827	300,839	1,334,681	68,144	--	5,213,491
Depreciation and amortization	(117,414)	(9,559)	(13,880)	(18,491)	--	(159,344)	(118,014)	(9,559)	(17,891)	(13,880)	--	(159,344)
Finance charges	(277,957)	(9,665)	(1,095)	(7,566)	--	(296,283)	(241,563)	(9,665)	(43,960)	(1,095)	--	(296,283)
Net profit / (loss)	(121,487)	(51,249)	(1,081)	(23,646)	--	(197,463)	(253,295)	(45,888)	108,161	(6,441)	--	(197,463)
Statement of financial position												
Non-current assets	6,467,928	170,408	--	223,537	(3,396,305)	3,465,568	6,216,531	170,408	474,934	--	(3,396,305)	3,465,568
Current assets	1,117,420	27,411	--	(24,711)	--	1,120,120	765,193	27,411	327,516	--	--	1,120,120
Total liabilities	(5,129,636)	(241,476)	--	(232,713)	--	(5,603,825)	(4,831,367)	(241,476)	(530,982)	--	--	(5,603,825)

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

	Reportable segments						Geographical segments					
	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International		Inter-segment elimination	Total
	Continuing ops	Discontinued ops	Discontinued ops	Continuing ops			Continuing ops	Discontinued ops	Continuing ops	Discontinued ops		
	Amount in ⃁'000						Amount in ⃁'000					
31 December 2023												
Profit or loss												
Sales	4,292,038	782,042	72,081	379,184	-	5,525,345	3,615,746	755,848	1,055,476	98,275	-	5,525,345
Depreciation and amortization	(112,752)	(22,504)	(16,038)	(23,543)	-	(174,837)	(124,143)	(21,193)	(12,152)	(17,349)	-	(174,837)
Finance charges	(321,933)	(25,381)	(1,635)	(6,163)	-	(355,112)	(301,636)	(23,810)	(26,460)	(3,206)	-	(355,112)
Net profit / (loss)	(993,440)	(82,036)	(5,811)	(31,520)	-	(1,112,807)	(1,359,812)	(61,369)	334,852	(26,478)	-	(1,112,807)
Statement of financial position												
Non-current assets	6,726,178	246,206	61,412	248,217	(2,945,101)	4,336,912	6,498,750	246,206	537,057	-	(2,945,101)	4,336,912
Current assets	1,378,465	63,775	(6,105)	(15,424)	-	1,420,711	1,047,460	63,775	309,476	-	-	1,420,711
Total liabilities	(5,999,251)	(268,197)	(54,226)	(242,256)	-	(6,563,930)	(5,647,013)	(268,197)	(648,720)	-	-	(6,563,930)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

21. REVENUE

See accounting policy in Note 5C.

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:

	31 December 2024		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,563,381,174	1,308,277,722	3,871,658,896
Footwear & accessories	86,557,673	22,881,640	109,439,313
Others	532,042,496	3,521,917	535,564,413
Fashion retail	3,181,981,343	1,334,681,279	4,516,662,622
Food & beverages	327,846,068	--	327,846,068
Total revenue	3,509,827,411	1,334,681,279	4,844,508,690

	31 December 2023		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,681,676,312	1,036,410,462	3,718,086,774
Footwear & accessories	122,876,026	14,984,879	137,860,905
Others	432,052,486	4,080,162	436,132,648
Fashion retail	3,236,604,824	1,055,475,503	4,292,080,327
Food & beverages	379,142,870	--	379,142,870
Total revenue	3,615,747,694	1,055,475,503	4,671,223,197

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

22. INCOME AND EXPENSES

A. COST OF REVENUE NOTE 5E.

	31 December 2024	31 December 2023
Cost of sales	3,274,682,522	3,055,561,700
Employees' salaries and benefits	420,028,147	454,326,086
Depreciation on right-of-use asset	308,038,844	321,052,872
Rent expense	75,573,530	94,305,627
Utilities and maintenance	52,555,625	53,445,806
Insurance	11,164,870	11,635,884
Travelling	9,773,328	8,916,209
Bank charges	9,123,480	6,501,045
Professional fee	8,929,343	7,329,604
Others	43,116,631	61,428,019
	4,212,986,320	4,074,502,852

i. Cost of goods include a charge for inventory provision of ⃁ 56 million (2023: ⃁ 111.4 million). Further, it also includes a charge of ⃁ 3.2 million (2023: ⃁ 30.3 million) relating to write-down of inventories to net realizable value which were recognized directly as an expense and not routed through the inventory provision account.

B. SELLING AND DISTRIBUTION EXPENSES

	31 December 2024	31 December 2023
Employees' salaries and benefits	47,707,906	58,045,325
Advertising and promotions	37,209,275	45,912,498
Bank charges	15,294,807	20,098,094
Freight and distribution charges	9,309,547	1,008,437
Rent expense	4,179,853	9,399,412
Utilities and maintenance	2,582,524	2,472,783
Travel	1,688,309	3,176,326
Others	8,082,587	7,332,229
	126,054,808	147,445,104

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

C. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2024	31 December 2023
Employees' salaries and benefits	**129,025,374**	182,029,278
Professional fee	**35,965,985**	55,910,613
Stationery and supplies	**27,711,686**	20,026,747
Rent	**21,022,430**	20,914,531
Travel and communication	**18,493,710**	24,576,341
Bank charges	**10,212,494**	8,950,831
Utilities and maintenance	**8,385,299**	7,419,335
Advertising and publishing	**5,700,763**	28,381,799
Government fees and related charges	**4,170,306**	13,370,437
Insurance	**1,306,733**	1,398,980
Others	**19,370,118**	20,008,483
	281,364,898	382,987,375

D. OTHER OPERATING EXPENSE

	31 December 2024	31 December 2023
Write off property and equipment and intangibles	**41,505,595**	221,590,354
Expected credit loss	**24,013,772**	33,139,485
Losses from disposal of investment in subsidiary	**1,307,461**	7,122,648
Loss on lease termination	**876,703**	--
Foreign exchange (loss)	**--**	28,841,070
Provision for payable	**(36,074,477)**	37,348,155
Others - other operating expense	**2,889,148**	4,334,363
	34,518,202	332,376,075

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

E. OTHER OPERATING INCOME

	31 December 2024	31 December 2023
Gain on disposal of brands	**210,246,153**	--
Income from owners of new malls	**18,668,729**	78,509,992
Income from sub-franchise, net	**10,032,290**	9,927,747
Foreign exchange (loss)gain, net	**4,688,228**	--
Rental concession for leases	**--**	3,527,303
Gain on lease termination	**--**	1,246,522
Others - other operating income	**35,374,663**	57,480,174
	279,010,063	150,691,738

F. FINANCE COSTS OVER LOANS AND BORROWINGS

	31 December 2024	31 December 2023
- Financial charges over loans and borrowings	**187,028,960**	119,277,006
- Amortization of upfront fees	**1,858,098**	2,354,859
	188,887,058	121,631,865

23. EARNINGS PER SHARE

See accounting policy in Note 5V.

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

A. (LOSS) PER SHARE FOR CONTINUING OPERATIONS

	Note	31 December 2024	31 December 2023
Loss attributable to ordinary shareholders		**(151,208,872)**	(1,089,915,428)
Weighted average number of ordinary shares	19	**114,766,448**	114,766,448
Basic and diluted loss per share		**(1.32)**	(9.50)

B. (LOSS) PER SHARE FOR DISCONTINUING OPERATIONS

	Note	31 December 2024	31 December 2023
Loss attributable to ordinary shareholders		**(52,329,706)**	(87,846,648)
Weighted average number of ordinary shares	19	**114,766,448**	114,766,448
Basic and diluted loss per share		**(0.46)**	(0.77)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

24. FINCNCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

See accounting policies in Notes 5J, 5M, 5P.

A. ACCOUNTING CLASSIFICATION AND FAIR VALUES

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

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

	31 December 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
FVOCI - equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	84,371,912	--	--	84,371,912	84,371,912

	31 December 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
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

See accounting policies in Notes 5J, 5M, 5P.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

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

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

C. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

i. Credit risk

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

	Note	31 December 2024	31 December 2023
Cash at banks	14	**237,183,226**	214,358,669
Advances, deposits and other receivables		**59,341,881**	57,718,635
		296,525,107	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+.
- The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers.
- The financial position of related parties is stable. There were no past due or impaired receivables from related parties.

ii. Liquidity risk

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

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

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

		Contractual cash flow		
Financial Liabilities	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
31 December 2024				
Loans and borrowings	**1,842,618,941**	**814,459,000**	**1,218,862,793**	**--**
Lease liabilities	**1,547,061,727**	**259,951,044**	**709,779,532**	**1,127,289,728**
Trade and other payables	**1,799,511,077**	**1,799,511,077**	**--**	**--**
	5,189,191,745	**2,873,921,121**	**1,928,642,325**	**1,127,289,728**
31 December 2023				
Loans and borrowings	2,506,770,776	1,178,338,344	1,765,079,218	--
Lease liabilities	2,134,259,647	578,755,711	929,973,096	1,400,516,391
Trade and other payables	1,400,086,598	1,400,086,598	--	--
Bank overdraft	47,105,695	47,105,695	--	--
	6,088,222,716	3,204,286,348	2,695,052,314	1,400,516,391

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

iii. Market risk

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

Currency risk

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

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

Foreign currency exposures	31 December 2024	31 December 2023
EUR	**(95,756,261)**	(57,864,975)
USD	**(34,632,564)**	(43,294,306)
GBP	**599,121**	(1,653,645)
UAE Dirham	**(1,521,355)**	(580,913)
SGD	**(392,892)**	(1,188,617)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
EUR	**4.03**	4.07	**3.91**	4.14
USD	**3.76**	3.76	**3.76**	3.75
GBP	**4.74**	4.65	**4.72**	4.77
UAE Dirham	**1.02**	1.02	**1.02**	1.02
EGP	**0.08**	0.13	**0.07**	0.12

Sensitivity analysis

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

		Currency movement vs. Saudi Riyal (⃁)			
		31 December 2024		31 December 2023	
Foreign currency	Change in currency	Strengthening	Weakening	Strengthening	Weakening
EUR	+/-10%	**(37,460,000)**	**37,460,000**	(23,956,000)	23,956,000
GBP	+/-10%	**283,000**	**(283,000)**	(789,000)	789,000
UAE Dirham	+/-10%	**(155,439)**	**155,439**	(59,253)	59,253
		(37,299,439)	**37,299,439**	(24,804,253)	24,804,253

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and Sukuk amounting to ⃁ 1,487 million at 31 December 2024 (2023: ⃁ 2,135 million) bear financing commission charges at the prevailing market rates.

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

Sensitivity analysis

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

Foreign currency exposures	Currency	Increase / decrease in basis points of commission rates	Effect on income for the period / year
31 December 2024	⃁	**+30**	**(6,640,052)**
	⃁	**-30**	**6,640,052**
31 December 2023	⃁	+30	(5,763,379)
	⃁	-30	5,763,379

iv. Capital management risk

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

The Group's objectives when managing capital are;

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

25. NON-CONTROLLING INTEREST (NCI)

See accounting policy in Note 5A.

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

Balance at 31 December 2024	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Egypt	Food Gate Company*	Uzbekistan	Total
NCI percentage	15%	4%	2%	30%	20%	
Non-current assets	106,869,827	58,830,092	94,631,526	25,400,998	37,083,257	322,815,700
Current assets	67,908,842	55,294,959	26,130,368	23,022,737	11,996,598	184,353,504
Non-current liabilities	(53,226,020)	(45,076,915)	(4,930,429)	(23,060,683)	(5,026,738)	(131,320,785)
Current liabilities	(58,195,753)	(4,687,950)	(9,023,845)	(83,305,323)	(40,606,558)	(195,819,429)
Net assets	63,356,896	64,360,186	106,807,620	(57,942,271)	3,446,559	180,028,990
Net (liabilities) / assets attributable to NCI	(5,495,212)	2,400,306	(5,141,206)	(17,382,077)	689,312	(24,928,877)
Revenue	335,231,215	186,683,157	32,909,954	115,445,619	132,499,837	802,769,782
Profit / (loss)	32,672,437	13,612,812	(5,809,568)	(2,301,686)	7,182,815	45,356,810
Profit / (loss) allocated to NCI	4,900,866	544,512	(116,191)	(690,506)	1,436,563	6,075,244

See accounting policy in Note 5A.

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

Balance at 31 December 2023	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Models Own Holding Limited	Egypt	Food Gate Company*	Uzbekistan	Total
NCI percentage	15%	4%	49%	2%	30%	20%	
Non-current assets	74,905,263	58,518,556	--	111,523,884	58,008,821	29,120,089	332,076,613
Current assets	61,271,814	45,968,151	--	43,982,534	20,044,757	9,008,163	180,275,418
Non-current liabilities	(62,695,712)	(47,634,438)	--	(23,641,218)	(49,318,927)	--	(183,290,295)
Current liabilities	(20,768,019)	(7,189,361)	--	(20,377,501)	(84,375,236)	(41,885,691)	(174,595,807)
Net assets	52,713,346	49,662,908	--	111,487,699	(55,640,585)	(3,757,439)	154,465,929
Net (liabilities) / assets attributable to NCI	(7,091,746)	1,812,415	--	(4,913,346)	(16,691,571)	(746,932)	(27,631,180)
Revenue	264,747,616	212,594,278	--	38,420,782	155,039,703	--	670,802,379
Profit / (loss)	27,962,278	12,898,944	135,534,559	497,927	(17,431,311)	(4,741,033)	172,152,675
Profit / (loss) allocated to NCI	4,194,342	515,958	66,411,934	9,959	(5,229,393)	(948,208)	64,954,592

* These subsidiaries are owned through a wholly owned subsidiary of the Group, Innovative Union Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

See accounting policy in Note 5X.

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

A. RIGHT-OF-USE ASSETS

	Note	31 December 2024	31 December 2023
Balance at beginning of the year		2,044,680,531	2,347,145,130
Additions		200,758,830	287,025,112
Adjustment for termination		(215,482,350)	(141,074,847)
Liquidation / disposal of subsidiaries		(3,495,251)	(24,260,245)
Adjustment for reassessment		(59,174,563)	250,638,371
Depreciation of right-of-use assets for the year from continuing operation		(308,038,844)	(407,687,443)
Depreciation of right-of-use assets for the year from discontinuing operation assets held for sale		(67,649,003)	(69,187,354)
Forex gain / (loss)		(16,649,164)	(9,700,574)
Transfer to disposal group classified as held for sale	34	(119,779,826)	(188,217,619)
Balance at ending of the year		1,455,170,360	2,044,680,531

B. LEASE LIABILTIES

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

	Note	31 December 2024	31 December 2023
Non-current portion of lease liabilities		1,188,752,144	1,555,503,936
Current portion of lease liabilities		358,309,583	578,755,711
Closing balance		1,547,061,727	2,134,259,647

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

	Note	31 December 2024	31 December 2023
Balance at beginning of the year		2,134,259,647	2,401,952,939
Finance cost from continuing operations		96,636,434	106,243,873
Finance cost associated with assets held for sale		10,124,528	11,611,254
Additions		200,758,830	287,025,111
Adjustment for termination		(233,591,195)	(141,244,804)
Adjustment for reassessment		(45,622,627)	250,638,567
Liquidation of subsidiaries		(37,213,221)	(39,040,932)
Rental concession		--	(5,062,430)
Forex loss		(22,695,491)	(23,119,283)
Payment of lease liability		(428,649,482)	(524,898,807)
– principal		(321,888,520)	(407,043,680)
– Finance cost from continuing operations		(96,636,434)	(106,243,873)
– Finance cost associated with assets held for sale		(10,124,528)	(11,611,254)
Transfer to liabilities associated with asset held for sale	34	(126,945,696)	(189,845,840)
Balance at ending of the year		1,547,061,727	2,134,259,647

C. AMOUNTS RECOGNIZED IN PROFIT OR LOSS

	Note	31 December 2024	31 December 2023
Depreciation of right-of-use assets for the year from continuing operation		308,038,844	407,687,443
Depreciation of right-of-use assets for the year from discontinuing operation assets held for sale		67,649,003	69,187,354
Finance cost from continuing operations		96,636,434	106,243,873
Finance cost associated with assets held for sale		10,124,529	11,611,254
Expenses relating to short-term / variable rent leases		103,366,659	129,260,378

27. Derivative Liabilities

The Group settled all Interest Rate Swaps ("IRS") during the year 2024.

Description of the hedged items	Hedging instrument	Fair Value	31 December 2024	31 December 2023
Commission payments on floating rate loan	IRS	Positive	--	(31,600,110)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

28. Commitments

As at the reporting date, the Group is committed to capital expenditures of ⃁ 33.85 million (2023: ⃁ 125.1 million) to purchase property and equipment.

29. Contingencies

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

Type	Nature	31 December 2024	31 December 2023
Letter of credits	Purchase of retail trading inventory	137,907,545	339,913,830
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	412,988,139	441,725,839

30. Related parties

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

A. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation is comprised as follows:

	31 December 2024	31 December 2023
Salaries and short-term benefits	15,082,701	13,490,569
Post-employment benefits	2,193,514	1,304,560
Board of Directors and board committees' remuneration and compensation	3,812,387	3,292,750
Total key management compensation	**21,088,602**	18,087,879

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

B. OTHER RELATED PARTY TRANSACTIONS

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

			Transaction values		Balance outstanding at	
Name of related party	Relationship	Nature of transaction	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Saudi FAS Holding Company	Shareholder	Expenses paid on behalf of Company	--	712,497	--	--
		Receipts	--	422,069,175	--	--
Egyptian Center for Real Estate Development	Investee	Rental	1,115,972	1,586,798	--	--
Al Farida Trading Agencies	Affiliate	Services / payment made on behalf of Company	9,321,948	9,752,084	--	16,786,501
		Payment / Settlement made	26,108,448	5,000,542	--	--
Cenomi Academy	Affiliate	Training services	3,341,399	--	705,812	--
		Payment made	4,087,211	--	--	--
Food and entertainment co Ltd	Affiliate		--	--	14,633,099	14,633,099
Due from related parties					15,338,911	31,419,600
Arabian Centers Company	Affiliate	Rentals	310,281,422	428,433,452	(443,379,749)	(181,554,080)
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods	31,328,906	52,268,906	(9,714,679)	(10,730,207)
Hajen Co. ltd.	Affiliate	Printing and advertisement	656,025	2,736,170	(152,735)	(360,436)
Due to related parties					(453,247,163)	(192,644,723)
Metropol Group - Uzbekistan	Affiliate	Loan received	7,449,030	--	(7,449,030)	--

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

31. Standards, interpretations, and amendments to existing standards

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

A. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group.

- Amendments to IAS 21 - Lack of Exchangeability;
- Amendment to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments';
- IFRS 18, 'Presentation and Disclosure in Financial Statements'; and
- IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'.

Management is in the process of assessing the impact of such new standards and interpretations on its consolidated financial statements.

B. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE CURRENT YEAR

A number of new and amended standards became applicable for the current reporting year.

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

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

32. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 31 December 2024, the Group disposed of its companies' operation in United States of America. All assets and liabilities including intergroup balances relating to these operations have been written off on 31 December 2024.

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

	31 December 2024
Property and equipment	27,246,756
Right of use assets	3,495,251
Non-current assets	**30,742,007**
Trade and other receivables	26,362,103
Prepayments	514,840
Cash and cash equivalents	557,226
Current assets	**27,434,169**
Total assets classified as held for sale	**58,176,176**
Liabilities	
Lease liabilities	(37,213,221)
Liabilities	**(37,213,221)**
Net assets written off	**20,962,955**
Consideration	**(19,655,494)**
Loss on disposal	**1,307,461**

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

	31 December 2024	31 December 2023
Revenue	68,143,676	72,081,465
Cost of revenue	(46,729,242)	(47,694,633)
Gross profit	**21,414,434**	24,386,832
Other operating income	1,425,167	9,347,290
Selling and distribution expenses	(6,263,124)	(6,111,985)
General and administrative expenses	(8,042,403)	(8,059,381)
Depreciation on property and equipment	(13,880,317)	(16,038,389)
Other operating expenses	--	(7,700,685)
Operating (loss)	**(5,346,243)**	(4,176,318)
Finance costs over loans and borrowings	(248,621)	(170,121)
Finance costs over lease liabilities	(846,496)	(1,464,860)
Net finance costs	**(1,095,117)**	(1,634,981)
Loss for the year	**(6,441,360)**	(5,811,299)

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

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

	31 December 2023
Assets	
Right of use asset	8,127,939
Property and equipment	24,260,245
Other intangible assets	4,851,768
Inventories	4,212,768
Prepayments and other current assets	36,679,045
Cash and cash equivalents	2,117,553
Total Assets	80,249,318
Liabilities	
Lease liabilities	39,040,933
Accounts payable and accruals	34,085,738
Total Liabilities	73,126,671
Net assets written off to P&L	7,122,648
NCI Portion	66,351,183

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

	Twelve-month ended 31 Dec 2023	Nine-month ended 31 Dec 2022
Revenue	26,193,536	39,271,310
Cost of revenue	(42,343,342)	(41,950,857)
Gross loss	(16,149,806)	(2,679,547)
Other operating income	6,021,649	(2,827,346)
Selling and distribution expenses	(150,831)	(221,761)
General and administrative expenses	(4,508,587)	(5,030,591)
Depreciation on property and equipment	(1,310,477)	(748,927)
Other operating expense	(2,849,466)	(45,721)
Operating Profit/(loss)	(18,947,518)	(11,553,893)
Finance costs	(1,571,360)	(1,555,586)
Profit before zakat and income tax	(20,518,878)	(13,109,479)
Zakat and Income tax expense	(147,554)	(167,709)
Loss for the year / period	(20,666,432)	(13,277,188)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

33. DISPOSAL OF BRANDS

Following is the gain on disposal of brands during the year

	31 December 2024
Assets	
Property and equipment	100,472,803
Inventories	50,790,995
Prepayments and other current assets	8,455,163
Total Assets	159,718,961
Liabilities	
Accounts payable and accruals	673,924
Total liabilities	673,924
Net assets disposed off	159,045,037
Consideration	369,291,190
Gain	210,246,153

34. DISCONTINUED OPERATIONS

The assets and liabilities related to the 5 Fashion Brands (part of the KSA retail operating segment) are presented as held for sale as of 31 December 2024.

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

	31 December 2024
Property and equipment	49,643,240
Right of use assets	119,779,826
Goodwill and intangible assets	985,274
Non-current assets	170,408,340
Inventories	26,871,735
Trade and other receivables	521,811
Prepayments	17,863
Current assets	27,411,409
Total assets classified as held for sale	197,819,749
Liabilities	
Lease liabilities	103,800,768
Post-employment benefits	4,363,874
Non-Current liabilities	108,164,642
Lease liabilities – current portion	23,144,928
Trade and other payables	110,166,708
Current liabilities	133,311,636
Total liabilities classified as held for sale	241,476,278

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

Profit and Loss Statement relating to 5 Brands is as follows:

	31 December 2024	31 December 2023
Revenue	300,838,692	755,848,221
Cost of revenue	(325,458,579)	(742,493,331)
Gross (loss) /profit	(24,619,887)	13,354,890
Other operating income	10,138,983	4,205,358
Selling and distribution expenses	(10,386,421)	(33,946,653)
Depreciation on property and equipment	(8,924,930)	(20,355,327)
Amortization on intangible assets	(634,041)	(838,001)
Other operating expense	(1,797,479)	20,525
Operating (loss)	(36,223,775)	(37,559,208)
Finance costs over loans and borrowings	(386,538)	(851,210)
Finance costs over lease liabilities	(9,278,033)	(22,958,499)
Net finance costs	(9,664,571)	(23,809,709)
Loss for the year	(45,888,346)	(61,368,917)