Spinneys 1961 Holding PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

SPINNEYS 1961 HOLDING PLC AND ITS SUBSIDIARIES
BOARD OF DIRECTORS' REPORT

It is with great pleasure that the Board of Directors presents the audited consolidated financial statements of Spinneys 1961 Holding PLC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2024.

Principal Activities
The Group is engaged in the operation of retail supermarket chains in the United Arab Emirates, the Sultanate of Oman and the Kingdom of Saudi Arabia.

Review of Business Performance in 2024
Throughout the year ended 31 December 2024, the Group made significant strides in executing its growth strategy, marked by robust expansion through new store openings in the UAE and Saudi Arabia. In UAE, the Group also launched, "The Kitchen, by Spinneys", a pioneering food hall concept under the Spinneys brand. Additionally, in June 2024, The Group proudly celebrated the opening of its first store in Saudi Arabia, followed by another store in December 2024. The Group also enhanced the e-commerce platform by featuring hyperlocal delivery through Spinneys Swift.

The Group remains steadfast in supporting the governmental initiatives focused on sustainability and community welfare.

Financial Results
The Group reported a revenue of AED 3,226 million for the year ended 31 December 2024, compared to AED 2,871 million in 2023.

The Group's profit for the year ended 31 December 2024 was AED 290 million, compared to AED 254 million in 2023.

Dividend
The Company's dividend distribution policy aims to ensure maintaining a consistent high level of dividend pay-out ratio as percentage of profits after tax, and to pay dividends on a semi-annual basis.
In 2024, an interim dividend of AED 102.6 million was paid. The Board of Directors has recommended a final dividend of AED 100.8 million, which is subject to the approval of the shareholders at the Annual General Meeting.

Outlook and Strategy for 2025
The Group is set to continue its expansion strategy by increasing its store footprint, with a robust pipeline of new locations planned in the UAE, as well as in Saudi Arabia. Concurrently, investments will be made in the existing stores to enhance the in-store customer experience.

The Group also will continue to advance the private label strategy, focused on a strategic shift towards high-margin products.

Transactions with Related Parties
The consolidated financial statements disclose related party transactions and balances in note 16. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors
Ernst & Young Middle East (Dubai Branch) (EY) was appointed as external auditors for the Group for the year ended 31 December 2024. EY has expressed their readiness to continue in this role. A recommendation for EY reappointment for the subsequent financial year will be presented at the Annual General Meeting.

<u>Statement of Disclosure to Auditors</u>

The Directors of Spinneys 1961 Holding PLC certify that, to the best of their knowledge, there is no relevant audit information that the Group's auditor is unaware of and affirm that all necessary steps have been taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

<u>Directors</u>

Name	Capacity	Date of Appointment
Ali Saeed Juma Al Bwardy	Non-executive Director – Chair	27 March 2024
Tariq Ali Saeed Juma Al Bwardy	Non-executive Director – Vice Chair	27 March 2024
Rashed Ali Saeed Juma Al Bwardy	Non-executive Director	27 March 2024
Mazoon Ali Saeed Juma Al Bwardy	Non-executive Director	27 March 2024
Saeed Mansoor Al Awar	Non-executive Director	27 March 2024
Subramanian Suryanarayan	Independent, Non-executive Director	27 March 2024
Huda Al Lawati	Independent, Non-executive Director	27 March 2024
Dominique Lecossois	Independent, Non-executive Director	27 March 2024
Sunil Kumar	Executive Director – Chief Executive Officer	27 March 2024

The Board of Directors extends its sincere gratitude to the management team and all dedicated staff for their exceptional contribution. Looking forward to a successful and prosperous 2025 ahead.

On behalf of the Board

Ali Saeed Juma Albwardy
Chairman
Spinneys 1961 Holding PLC

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPINNEYS 1961 HOLDING PLC

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Spinneys 1961 Holding PLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders of the Company, for our audit work, for this report, or for the opinion we have formed. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters(continued)

Key audit matter	How our audit addressed the key audit matter
Rebates and other supplier benefits	
The Group recognised rebates and other supplier benefits amounting to AED 230,863 thousand during the year ended 31 December 2024. These rebates and other supplier benefits are based on the contractual arrangements with the suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from these suppliers. Such rebates and other supplier benefits are adjusted as a reduction to cost of sales for the inventories sold and the balance against closing inventories as at year end. In accordance with IFRS, these rebates and benefits should only be recognised when it is probable that the related performance obligations associated with the purchase of the products are met by the Group, and the amounts can be measured reliably based on the terms of the contracts with the suppliers. Management applied judgement in estimating the timing and the amount of recognition of the rebates and other supplier benefits based on the assessment of the probability that the conditions to earn the rebates and other supplier benefits have been met, and that the amount can be estimated reliably. This requires a detailed understanding of the contractual arrangements and the establishment of the process and controls to ensure that the supplier rebates and other benefits are appropriately calculated and recorded, using complete and correct source data, and in accordance with the terms of the supplier contracts. Considering the large number of supplier contracts and the inherent complexity and judgment involved with the estimation of the supplier rebates and other benefits, we considered accounting for rebates and other supplier benefits to be a key audit matter. Refer Note 2 for rebates and other supplier benefits accounting policy and Note 3 for the significant accounting judgments, estimates and assumptions.	We performed the following procedures in relation to rebates and other supplier benefits: - Read the Group's accounting policy for rebates and other supplier benefits and assessed whether it is in accordance with the requirements of IFRS. - Obtained and understood the Group's processes and underlying controls to evaluate the contractual arrangements with the suppliers and to estimate the rebates and other supplier benefits. We performed walkthrough over the process and design of those controls. - On a sample basis, we tested the calculation of the rebates and other supplier benefits to the underlying contractual arrangements. We tested the underlying source data and basis thereof for the calculation of such rebates and other supplier benefits. - On a sample basis, we tested the supplier balance reconciliations with the supplier statement of accounts and assessed that the supplier balances are recorded in the correct period, and any reconciliation items are reviewed and recorded by the Group's management. Where responses from suppliers were not received, we performed alternative procedures, such as the verification of invoices, contracts and payments made in the subsequent period. - We performed month on month variance analysis for: a. revenue and gross margin; and b. rebates over purchases of goods by nature of rebate. We performed these analyses in order to understand trends and to identify and test anomalies, if any, which may indicate potential errors in accounting for rebates and other supplier benefits. - Evaluated that the disclosures in the consolidated financial statements are appropriate in accordance with the requirements of IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPINNEYS 1961 HOLDING PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information
Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and The Board of Directors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Articles of Association of the Company and the Companies Law pursuant to DIFC Law No. 5 of 2018, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPINNEYS 1961 HOLDING PLC (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations that we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Company or on its consolidated financial position.

Ernst & Young

11 February 2025

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	***2024*** ***AED'000***	*2023* *AED'000*
Revenue from contracts with customers	5	**3,170,661**	2,821,837
Rental income	12	**54,956**	49,327
Revenue	4	**3,225,617**	2,871,164
Cost of sales		**(1,890,060)**	(1,665,955)
GROSS PROFIT		**1,335,557**	1,205,209
Other income	6	**12,507**	19,214
Selling, general and administrative expenses	7	**(717,532)**	(661,997)
Depreciation and impairment of property, plant and equipment	11	**(95,571)**	(78,315)
Depreciation and impairment of right-of-use assets	12	**(174,656)**	(180,508)
Impairment of goodwill	13	**-**	(3,463)
Finance costs	8	**(50,977)**	(44,546)
Finance income	9	**13,300**	-
PROFIT FOR THE YEAR BEFORE TAX		**322,628**	255,594
Income tax expense	10	**(33,003)**	(1,277)
PROFIT FOR THE YEAR		**289,625**	254,317
Attributable to:			
Equity holders of the Company		**304,270**	256,152
Non-controlling interest		**(14,645)**	(1,835)
		289,625	254,317
Earnings per share			
Basic and diluted, profit for the year attributable to equity holders of the Company (in AED per share)	28	**0.0845**	0.0712

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024 AED'000***	*2023 AED'000*
PROFIT FOR THE YEAR		**289,625**	254,317
Other comprehensive (loss)/ income			
Other comprehensive (loss)/ income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**(46)**	283
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement of employees' end of service benefits	19	**(1,441)**	(119)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		**(1,487)**	164
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**288,138**	254,481
Attributable to:			
Equity holders of the Company		**302,766**	256,316
Non-controlling interest		**(14,628)**	(1,835)
		288,138	254,481

The attached notes 1 to 31 form part of these consolidated financial statements.

Spinneys 1961 Holding PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***2024 AED'000***	*2023 AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	11	**425,792**	408,582
Intangible assets	13	**34,000**	34,000
Right-of-use assets	12	**923,749**	808,475
Other non-current assets	15	**56,045**	50,148
Deferred tax assets	10	**1,099**	1,250
		1,440,685	1,302,455
Current assets			
Inventories	14	**157,111**	133,161
Trade receivables, prepayments and other receivables	15	**55,086**	59,244
Amounts due from related parties	16	**3,765**	6,722
Cash and short-term deposits	17	**536,168**	354,061
		752,130	553,188
TOTAL ASSETS		**2,192,815**	1,855,643
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**36,000**	36,000
Restricted reserve	22	**4,778**	4,778
Retained earnings		**267,825**	66,155
Actuarial reserve	22	**6,144**	7,585
Foreign currency translation reserve	22	**788**	851
Equity attributable to equity holders of the company		**315,535**	115,369
Non-controlling interest		**(16,316)**	(1,688)
TOTAL EQUITY		**299,219**	113,681
Non-current liabilities			
Interest-bearing loans and borrowings	18	**5,507**	6,355
Other non-current liabilities	20	**14,591**	14,308
Lease liabilities	12	**886,736**	779,324
Employees' end of service benefits	19	**79,172**	68,480
		986,006	868,467
Current liabilities			
Trade payables, accruals and other payables	20	**677,666**	689,607
Lease liabilities	12	**173,657**	143,833
Interest-bearing loans and borrowings	18	**751**	762
Amounts due to related parties	16	**23,632**	38,830
Income tax payable		**31,884**	463
		907,590	873,495
TOTAL LIABILITIES		**1,893,596**	1,741,962
TOTAL EQUITY AND LIABILITIES		**2,192,815**	1,855,643

Director

Director

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***2024 AED'000***	*2023 AED'000*
OPERATING ACTIVITIES			
Profit before tax		**322,628**	255,594
Adjustments to reconcile profit before tax to net cash flows:			
Net gain on disposal of property, plant and equipment and intangible assets	6	**(1,342)**	(4,255)
Finance income	9	**(13,300)**	-
Finance costs	8	**50,977**	44,546
Depreciation and impairment of property, plant and equipment	11	**95,571**	78,315
Depreciation and impairment of right of use assets	12	**174,656**	180,508
Loss on change in fair value of forward exchange contracts		**6,770**	-
Impairment of goodwill	13	**-**	3,463
Provision for old and obsolete inventories	14	**12,061**	10,940
Gain on termination of leases		**(545)**	(2,287)
Provision for employees' end of service benefits	19	**11,740**	10,182
		659,216	577,006
Working capital adjustments:			
Inventories		**(36,011)**	(21,024)
Trade receivables, prepayments and other receivables		**(8,509)**	(30,952)
Related party balances*		**(9,301)**	127,472
Trade payables, accruals and other payables		**(11,658)**	127,008
		593,737	779,510
Employees' end of service benefits paid	19	**(5,441)**	(6,609)
Interest paid		**(490)**	(489)
Income tax paid		**(1,448)**	(1,004)
Net cash flows from operating activities		**586,358**	771,408
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(113,762)**	(91,550)
Proceeds from disposal of property, plant and equipment and intangible assets		**2,020**	8,316
Investment in short-term deposits		**(476,000)**	-
Interest received		**13,300**	-
Net cash flows used in investing activities		**(574,442)**	(83,234)
FINANCING ACTIVITIES			
Dividends paid	23	**(102,600)**	(197,639)
Issuance of shares	21	**-**	36,000
Repayment of lease liabilities	12	**(202,596)**	(210,951)
Repayment of interest-bearing loans and borrowings	18	**(765)**	(762)
Net cash flows used in financing activities		**(305,961)**	(373,352)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(294,045)**	314,822
Cash and cash equivalents at 1 January		**354,061**	39,671
Net foreign exchange difference		**152**	(432)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	17	**60,168**	354,061

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

*Following non-cash transactions are excluded from the consolidated statement of cash flows:

	Notes	***2024 AED'000***	*2023 AED'000*
Property, plant and equipment transferred from related parties	11	**(20)**	(244,384)
Property, plant and equipment transferred to related parties	11	**-**	9
Intangible assets transferred from a related party	13	**-**	(34,000)
Settlement of purchase consideration for the transfer of certain subsidiaries	2	**-**	(13,212)
End of service benefits transferred, net	19	**2,960**	(585)
Investment in Al-Ma'kulat Al Fakhirah for Foods Products LLC		**-**	147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	*Share capital AED'000*	*Restricted reserve AED'000*	*Retained earnings AED'000*	*Actuarial reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2023		-	4,778	20,854	7,704	568	33,904	-	33,904
Profit for the year		-	-	256,152	-	-	256,152	(1,835)	254,317
Other comprehensive income for the year		-	-	-	(119)	283	164	-	164
Total comprehensive income for the year		-	-	256,152	(119)	283	256,316	(1,835)	254,481
Issuance of share capital of Spinneys 1961 Holding Limited	21	36,000	-	-	-	-	36,000	-	36,000
Investment in Al-Ma'kulat Al Fakhirah for Foods Products		-	-	-	-	-	-	147	147
Settlement of purchase consideration	2	-	-	(13,212)	-	-	(13,212)	-	(13,212)
Dividends declared and paid	23	-	-	(197,639)	-	-	(197,639)	-	(197,639)
Balance at 31 December 2023		36,000	4,778	66,155	7,585	851	115,369	(1,688)	113,681
Profit for the year		-	-	304,270	-	-	304,270	(14,645)	289,625
Other comprehensive income for the year		-	-	-	(1,441)	(63)	(1,504)	17	(1,487)
Total comprehensive income for the year		-	-	304,270	(1,441)	(63)	302,766	(14,628)	288,138
Dividends declared and paid	23	-	-	(102,600)	-	-	(102,600)	-	(102,600)
Balance at 31 December 2024		**36,000**	**4,778**	**267,825**	**6,144**	**788**	**315,535**	**(16,316)**	**299,219**

The attached notes 1 to 31 form part of these consolidated financial statements.

1 ACTIVITIES

Spinneys 1961 Holding PLC (previously known as Spinneys 1961 Holding Limited prior to its re-registration to a public company limited by shares) (the "Company") was incorporated on 21 November 2023 as a private limited company under the Companies Law, DIFC Law No. 5 of 2018 and was re-registered to a public company limited by shares on 29 March 2024. The registered address is Unit 813B, Level 8, Liberty House, DIFC, Dubai, United Arab Emirates.

The Company is a subsidiary of Al Seer Group (L.L.C.) (the "Parent") which is registered in the Emirate of Dubai as a limited liability company. The Parent is a subsidiary of Albwardy Investment (L.L.C.) (the "Ultimate Parent Company"), a limited liability company registered in the Emirate of Dubai, United Arab Emirates. The Ultimate Parent Company is majority owned and controlled by Mr. Ali Saeed Juma Albwardy.

The Company and its subsidiaries (together referred to as "the Group") are principally engaged in the operation of supermarkets in United Arab Emirates, Sultanate of Oman and Saudi Arabia. Information on the Group's subsidiaries are disclosed in note 29.

As per the resolution of the sole shareholder dated 12 December 2023, the Parent transferred its subsidiaries as listed in note 29, predominantly engaged in the retail supermarket and related business, to a newly established and fully controlled entity named Spinneys 1961 Holding PLC (the "reorganisation"). The difference between the net book value of the subsidiaries transferred and the purchase consideration was accounted within retained earnings under the consolidated statement of changes in equity (note 2) during the year ended 31 December 2023. Further, Spinneys IP Limited was transferred at an agreed price and recorded as an asset addition (note 13) during the year ended 31 December 2023.

As the reorganisation did not result in any change of economic substance and it involved transfer of entities under common control both before and after the transfer, it was not considered as a business combination as defined by IFRS 3 Business Combinations. Accordingly, the consolidated financial statements of the Group were prepared to reflect that the reorganisation was in substance a continuation of the subsidiaries of the Parent predominantly engaged in the retail supermarket business as if the Company had always owned them. Refer to "Group reorganisation and business combinations under common control" in note 2 for further details.

Pursuant to the special resolution of the sole shareholder dated 27 March 2024, Al Seer Group (L.L.C.) resolved to convert the Company from a private company limited by shares into a public company limited by shares. On 2 April 2024, the Security and Commodities Authority ("SCA") (UAE) approved the Company's application for the offering and issuance of 900 million shares representing 25% percent of the Company's authorised share capital. On 9 May 2024, the Company was admitted to be listed on the Dubai Financial Market ("DFM").

The consolidated financial statements were authorised for issue on 11 February 2025 by the Board of Directors.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and applicable provisions of DIFC Law No. 5 of 2018.

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis, except for forward foreign exchange contracts and re-measurement of the defined benefit liability that have been measured at fair value.

Management believes that the Group has adequate resources to continue as a going concern in the foreseeable future.

Accounting convention

The presentation currency of the consolidated financial statements is the United Arab Emirates Dirham (AED), which is the Company's functional currency, and a significant proportion of the Group's assets, liabilities, income and expenses are denominated in AED. However, certain subsidiaries have functional currencies other than AED, in which case the respective local currency is the functional currency and the AED is the presentation currency. All values are rounded to the nearest thousand (AED '000), except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Group reorganisation and business combinations under common control
In the absence of guidance in IFRS for the group reorganisation and business combinations under common control, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires to use judgment in developing and applying an accounting policy that provides reliable and more relevant information, as such group reorganisation has no economic substance and is outside the scope of IFRS 3 Business Combinations.

During 2023, the group reorganization was accounted for using the pooling of interests method as follows:

- assets and liabilities of the subsidiaries transferred to the Company, except for Spinneys IP Limited***, reflected at their carrying amounts and no adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method;
- no goodwill was recognised as a result of the reorganisation, except to the extent that existing goodwill was previously recognised in one of the combining entities. Any difference between the consideration transferred and the equity of the entity acquired as at the date of the combination were reflected within equity;
- the income statement and retained earnings reflected the results of the subsidiaries of the Company;
- the Group adopted an accounting policy to report the comparative information as if the Group always owned the businesses acquired under common control from the date when such businesses were part of the Group;
- consolidated financial statements represented consolidation of all assets, liabilities, revenues and expenses of the subsidiaries at their carrying values by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements".

2 MATERIAL ACCOUNTING POLICIES (continued)

Group reorganisation and business combinations under common control (continued)
The Company agreed to pay AED 13,212 thousand as a purchase consideration for the transfer of certain subsidiaries (excluding Spinneys IP Limited***) which was also recorded against retained earnings and settled against the receivable from the Parent as a non-cash transaction during the year 2023.

*** Spinneys IP Limited holds "Spinneys" trademark rights for the rest of the world (i.e. excluding the United Arab Emirates) and was transferred to the Company for an agreed price of AED 34,000 thousand. Spinneys IP Limited was treated as an asset purchase and therefore accounted for at the agreed purchase price as per the accounting policy of the Group (note 13).

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed.

The Group is currently working to identify the amendments that will be required on the primary financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Summary of material accounting policies
The material accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Revenue from contracts with customers
The Group is principally engaged in operation of Supermarkets. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements (except for retail goods transferred to Parent's associate mentioned in note 16) because it typically controls the goods or services before transferring them to the customer.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in a contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Revenue from contracts with customers (continued)

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide customers with a right of return. The rights of return give rise to variable consideration.

Rights of return
The Group provide the customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from the customer.

Contract balances
Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is recognised if a payment is received or an advance is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Assets and liabilities arising from rights of return
Right of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Royalty income
Royalty income is recognised over time on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Rental income
Rental income is recognised on an accrual basis in accordance with the lease contracts terms. Refer accounting policy for leases where the group is a lessor.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Rebates and other supplier benefits
The Group has agreements with suppliers whereby volume-related rebates and various other fees and discounts are received in connection with the purchase of goods ("the rebates and supplier benefits"). Such rebates and supplier benefits are considered as a reduction of prices paid for their products and services. Therefore, rebates and supplier benefits are recorded by way of a reduction to the cost of inventory. In certain cases, receipt of the rebates and supplier benefits amounts are conditional on the Group satisfying certain performance obligations associated with the purchase of the product. These include achieving agreed purchases or sales volume targets. The rebates and supplier benefits are recorded on an accrual basis when it is probable that the related performance obligations associated with the purchase of the products are achieved by the Group,, and the amounts can be measured reliably based on the terms of the contract with suppliers. For the purpose of presentation, inventories and cost of sales are shown net of rebates and supplier benefits.

Where the rebates and supplier benefits relate to inventories which are held by the Group at the end of a period, these amounts are deducted from the cost of those inventories, and recognised in cost of sales upon sale of those inventories. The Group offsets amounts due from suppliers against amounts owed to those suppliers and only the net amount payable or receivable is recognised.

Cost of sales
Cost of sales primarily consists of the cost of purchases net of the rebates and supplier benefits, changes in inventories (including impairments), exchange gains and losses on goods purchases and inbound shipping costs.

Fair value measurement
The Group measures financial instruments such as derivatives and re-measurement of the defined benefit liability, at fair value at each reporting date.

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 principal or the most advantageous market must be accessible to by the Group.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The Group has made necessary disclosures for fair value of financial instruments in note 24 and note 27 and defined benefit liability in note 19.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and /or any accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Property, plant and equipment (continued)
Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Buildings	10 to 50 years
Leasehold improvements*	5 to 10 years or over the period of the lease term whichever is less
Plant and machinery (including computer hardware and software)	1 to 5 years
Vehicles, furniture and equipment	1 to 5 years

*Leasehold improvements in market stores (i.e. stores of 10,000 square feet or less), refurbishments at supermarkets, and preliminary expenditure i.e. costs related to design, authority approvals, consultancy, mobilisation, testing and commissioning etc. are depreciated over 1 to 3 years.

Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any.

Freehold land and capital work-in-progress are not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the consolidated financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or more frequently when there is an indicator of impairment either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognition of the asset (measured 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect accounting profit or taxable profit or loss and also does not give rise to equal taxable and deductible temporary differences.
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction is goodwill (as longer as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the consolidated statement of profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Value Added Tax (VAT)
Revenue, expenses and assets are recognised at amounts net of value added tax except,

- where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could at the option of the counter party, result in its settlement by the issue of equity instalments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liability are classified as non-current assets and liabilities, respectively.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade receivables, refundable security deposits, other receivables and amounts due from related parties.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

a) Financial assets at fair value through profit and loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group has no financial assets classified as fair value through profit and loss as at the reporting date.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

(b) Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and short-term deposits, trade receivables, refundable security deposits, other receivables and amounts due from related parties.

(c) Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has no debt instruments classified as fair value through OCI as at the reporting date.

(d) Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets (equity instruments) at fair value through OCI.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) The Group has transferred substantially all the risks and rewards of the asset, or
  (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, accruals and other payables, interest-bearing loans and borrowings, refundable security deposits of tenants, lease liabilities and amounts due to related parties.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group's financial liabilities at fair value through profit and loss include derivative financial instruments that include forward foreign exchange contracts. Refer accounting policy on derivatives for further information.

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at amortised cost (Trade payable, accruals and other payables and amounts due to related parties)
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Goods for resale - purchase cost on a weighted average basis

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Cash and short-term deposits
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits (maturing within three months), net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on most recent budgets and forecast assumptions, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Impairment of non-financial assets (continued)
Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

<u>Right-of-use assets</u>
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies for impairment of non-financial assets.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption for leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Employees' end of service benefits
The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed at each reporting period using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in the consolidated statement of financial position through OCI in the period in which they occur. The Group determines the net interest expense on the obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the consolidated statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Derivative financial instruments
The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not apply hedge accounting and therefore, the change in fair value is recorded directly in the consolidated statement of profit or loss.

Foreign currency translation
The Group's consolidated financial statements are presented in AED, which is the Company's functional currency. For each entity, the Group determines its own functional currency based on the main currency used in the component's business.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group entities
The assets and liabilities of foreign operations are translated into UAE Dirham at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Segment information
IFRS 8 requires operating segment to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Group.

Refer note 4 to the consolidated financial statements for information regarding the Group's operating segments for the year ended 31 December.

2 MATERIAL ACCOUNTING POLICIES (continued)

Summary of material accounting policies (continued)

Cash dividend
The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

Events after the reporting period
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Earnings per share (EPS)
Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (note 26)
- Financial risk management objectives and policies (note 26)
- Sensitivity analyses disclosures (note 19 and note 26)

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant impact on the amounts recognised in the consolidated financial statements.

Determining the lease term of contracts with renewal and termination options – The Group as lessee
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 judgment 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of buildings with the related parties that include extension option. For other leases, which have an extension option, the renewal options are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Property lease classification – The Group as lessor
The Group has entered into commercial property leases on its owned assets or leased assets. The Group accounts for such leases or sub-leases as operating leases when the Group determines, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties.

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has adequate financial resources, to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Estimates and assumptions
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 adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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 of inventories
Management estimates a provision to reduce the inventory value to its net realizable value, if the inventory cost is irrecoverable, inventory is damaged or became obsolete in whole or in part, if the selling price is lower than the cost, or if there are any factors that cause a decrease in the recoverable amount below the carrying value.

At the reporting date, gross inventories were AED 217,551 thousand as at 31 December 2024 (2023: AED 181,546 thousand), with provisions for old and obsolete inventories of AED 60,440 thousand as at 31 December 2024 (2023: AED 48,385 thousand). Any difference between the amounts actually realized in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Defined benefit plans (pension benefits)
The cost of the defined benefit pension plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the estimates involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameters most subject to change are the discount rate and mortality rate. In determining the appropriate discount rate, management considers yield curve as published by U.S. Department of the Treasury, High Quality Market (HQM) Corporate Bond Yield curve. The local bond markets in UAE, Oman and KSA are not deep and liquid enough for to use the same for determining the discount rates.

The mortality rate is based on publicly available mortality tables for UAE, Oman and KSA. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for UAE, Oman and KSA.

Further details about pension obligations are provided in Note 19.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of other non-financial assets

The Group assesses whether there are any indicators of impairment for all other non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or cash generating unit 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 used when there is available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the expected cash flows on the remaining lease period 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 assets 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 cash-inflows and the growth rate used for extrapolation purposes. Management has provided for AED 14,538 thousand during 31 December 2024 (2023: AED 26,645 thousand) as impairment losses on property, plant and equipment and right-of-use assets.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Useful lives and depreciation of property, plant and equipment

Management periodically reviews estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Leases – Estimating the incremental borrowing rate

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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating if any available).

Rebates and other supplier benefits

Management applies judgment in estimating the timing and amount of recognition of the rebates and other supplier benefits based on the assessment of the probability that conditions to earn a trade discount or rebate will be met, and that the amount can be estimated reliably.

4 SEGMENT INFORMATION

The Group is organised into operating segments based on geographical locations. The revenue, profit/(loss), assets and liabilities are reported on a geographical basis and measured in accordance with the same accounting basis used for the preparation of the consolidated financial statements. There are two main reportable segments: United Arab Emirates (UAE) and Sultanate of Oman (Oman). Others include Saudi Arabia and sourcing offices (United Kingdom, United States of America and Australia).

Following is the segment information which is consistent with the internal reporting presented to chief operating decision maker for the year ended:

	Reportable segments		***Intercompany transactions****		***Total***	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
Revenue						
UAE	**3,090,417**	2,775,846	**-**	**-**	**3,090,417**	2,775,846
Oman	**90,165**	94,426	**-**	**-**	**90,165**	94,426
Others	**435,192**	343,095	**(390,157)**	(342,203)	**45,035**	892
Total	**3,615,774**	3,213,367	**(390,157)**	(342,203)	**3,225,617**	2,871,164

*represents inter reportable segments sales and purchases transactions.

	Reportable segments	
	2024 AED'000	*2023 AED'000*
Profit for the year before tax		
UAE	**352,759**	258,972
Oman	**(4,741)**	(4,365)
Others	**(25,390)**	987
Total	**322,628**	255,594

	Reportable segments	
	2024 AED'000	*2023 AED'000*
Unallocated:		
Income tax expense*	**(33,003)**	(1,277)
Profit for the year	**289,625**	254,317

*income taxes are not allocated to those segments as they are managed on a group basis.

	Assets		***Liabilities***	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
UAE	**2,102,878**	1,771,673	**1,760,352**	1,650,143
Oman	**28,726**	24,051	**46,253**	36,745
Others	**137,454**	111,557	**155,274**	100,066
Eliminations and adjustment	**(76,243)**	(51,638)	**(68,283)**	(44,992)
Total	**2,192,815**	1,855,643	**1,893,596**	1,741,962

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 AED'000	*2023 AED'000*
Revenue from sale of goods	**3,170,661**	2,821,837

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024 AED'000	*2023 AED'000*
Geographical market		
United Arab Emirates	**3,035,783**	2,726,866
Sultanate of Oman	**89,843**	94,079
Others	**45,035**	892
	3,170,661	2,821,837
Timing of revenue recognition		
Goods transferred at a point in time	**3,170,661**	2,821,837

6 OTHER INCOME

	2024 AED'000	*2023 AED'000*
Net gain on disposal of property, plant and equipment and intangible assets	**1,342**	4,255
Gain on termination of leases	**545**	2,287
Royalty income	**1,837**	119
Others	**8,783**	12,553
	12,507	19,214

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2024 AED'000	*2023 AED'000*
Staff costs	**313,314**	289,239
Premises costs	**158,474**	152,183
Warehousing, selling and distribution costs	**145,903**	128,525
Legal and professional charges	**24,261**	24,955
Marketing costs	**25,253**	19,342
Information system and communication costs	**14,643**	23,626
Trademark licensing fees	**11,270**	10,575
Board of Directors' remuneration, Audit and Risk Committee compensation and Nomination and Remuneration Committee compensation (note 16)	**3,481**	-
Others	**20,933**	13,552
	717,532	661,997

8 FINANCE COSTS

	2024	*2023*
	AED'000	*AED'000*
Interest on lease liabilities (note 12)	**50,487**	44,057
Interest on loans and borrowings	**490**	489
	50,977	44,546

9 FINANCE INCOME

	2024	*2023*
	AED'000	*AED'000*
Interest income on short-term deposits	**13,300**	**-**

10 INCOME TAX

a. Tax on ordinary activities

The major components of income tax expense in the consolidated statement of profit or loss for the year ended 31 December 2024 and 2023 are:

	2024	*2023*
	AED'000	*AED'000*
Current income tax:		
Current income tax charge	**32,869**	1,230
Deferred tax:		
Relating to the origination and reversal of temporary differences	**134**	47
Income tax expense reported in the consolidated statement of profit or loss	**33,003**	1,277

b. Reconciliation of tax charge

Reconciliation of tax expense and the accounting profit multiplied by the UAE's domestic tax rate for the year ended 31 December 2024 and 2023:

	2024	*2023*
	AED'000	*AED'000*
Accounting profit before income tax	**322,628**	255,594
At UAE's statutory income tax rate of 9% (2023: Nil)*	**29,003**	**-**
Effect of higher overseas tax rates and losses	**4,000**	1,277
At the effective income tax rate of 10.23% (2023: 0.50%)	**33,003**	1,277

*As per the UAE Corporate Tax law, maximum standard deduction applicable for each tax group is AED 375,000. The standard deduction applicable for the tax group considered by the Group amounts to AED 375,000 on which tax rate at 9% amounts to AED 33,750.

10 INCOME TAX (continued)

c. Deferred tax

	2024 AED'000	*2023 AED'000*
The deferred tax assets as at 31 December relate to:		
Deferred tax assets:		
Accelerated depreciation for tax purposes	**534**	584
Provision and reserve	**565**	666
	1,099	1,250

Further, the Group has tax losses that arose in Oman and Kingdom of Saudi Arabia that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Movement in deferred tax assets recognised in the consolidated statement of financial position is as follows:

Deferred tax assets:

	2024 AED'000	*2023 AED'000*
At 1 January	**1,250**	1,287
Tax charge during the year	**(134)**	(47)
Translation adjustment	**(17)**	10
At 31 December	**1,099**	1,250

For the purpose of determining income tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The Group has not identified any material risks or uncertainties in the structure from a corporate tax perspective and will continuously monitor further developments that could impact the tax profile of the Group.

d. Pillar Two rules

The Group is in the scope of the Pillar Two Global Anti-Base Erosion Rules (GloBE rules or Pillar Two rules) issued by the Organization for Economic Co-operation and Development (OECD) as the annual consolidated revenue of the Ultimate Parent Company exceeds €750 million threshold. The UAE (location of the Ultimate Parent Company and also its largest market), published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of its commitment to the OECD guidelines. The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules.

Currently, out of the other jurisdictions in which the Group has presence, only UK (where the Group has some activities but no customer base) have final Pillar Two legislations in force effective from 1 January 2024. No other jurisdiction, in which the Group operates, has substantively enacted the legislation. As of 31 December 2024, management does not anticipate any additional top-up tax on account of Pillar Two rules for FY 2024. This is because the effective Globe tax rate at the UK level exceeds 15%. The Group will continue to monitor the Pillar Two related developments in all relevant jurisdictions and assess any potential top-up tax in accordance with the relevant legislation after taking into consideration the transitional Safe Harbour relief.

On 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the Pillar Two rules. In line with IAS 12 (as amended), the Group has applied the exception with regards to the above.

11 PROPERTY, PLANT AND EQUIPMENT

2024

	Freehold land AED'000	*Buildings AED'000*	*Leasehold improvements AED'000*	*Plant and machinery AED'000*	*Vehicles, furniture and equipment AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost:							
At 1 January 2024	74,359	156,782	444,329	203,867	165,797	15,556	1,060,690
Additions	-	-	23,908	6,099	15,533	68,222	113,762
Transfers from capital work in progress	-	-	47,231	23,241	5,371	(75,843)	-
Transfer from a related party (note 16)	-	-	-	19	39	-	58
Transfer to a related party (note 16)	-	-	-	(35)	(25)	-	(60)
Disposals/ written off	-	-	(13,184)	(7,366)	(12,049)	-	(32,599)
Exchange differences	(213)	(165)	2	(26)	(30)	(2)	(434)
At 31 December 2024	**74,146**	**156,617**	**502,286**	**225,799**	**174,636**	**7,933**	**1,141,417**
Depreciation and impairment:							
At 1 January 2024	-	22,444	317,717	170,867	141,080	-	652,108
Depreciation charge for the year	-	13,254	43,169	15,578	16,896	-	88,897
Impairment charge for the year	-	-	5,881	528	265	-	6,674
Relating to transfer from a related party (note 16)	-	-	-	19	19	-	38
Relating to transfer to a related party (note 16)	-	-	-	(35)	(25)	-	(60)
Relating to disposals/ written off	-	-	(13,137)	(7,222)	(11,562)	-	(31,921)
Exchange differences	-	(56)	(1)	(24)	(30)	-	(111)
At 31 December 2024	**-**	**35,642**	**353,629**	**179,711**	**146,643**	**-**	**715,625**
Net carrying amount:							
At 31 December 2024	**74,146**	**120,975**	**148,657**	**46,088**	**27,993**	**7,933**	**425,792**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

2023

	Freehold land AED'000	*Buildings AED'000*	*Leasehold improvements AED'000*	*Plant and machinery AED'000*	*Vehicles, furniture and equipment AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost:							
At 1 January 2023	13,165	10,223	377,838	196,778	158,011	9,871	765,886
Additions	2,248	4,832	18,467	8,833	9,967	47,203	91,550
Transfers from capital work in progress	-	-	21,410	9,300	10,808	(41,518)	-
Transfers	-	18,182	(18,182)	-	-	-	-
Transfers from a related party (note 16)	58,205	123,139	63,000	-	45	-	244,389
Transfers to a related party (note 16)	-	-	(227)	(339)	(596)	-	(1,162)
Disposals/ written off	-	(169)	(18,078)	(10,787)	(12,644)	-	(41,678)
Exchange differences	741	575	101	82	206	-	1,705
At 31 December 2023	74,359	156,782	444,329	203,867	165,797	15,556	1,060,690
Depreciation and impairment:							
At 1 January 2023	-	2,981	309,222	163,736	140,002	-	615,941
Depreciation charge for the year	-	1,330	28,638	14,903	10,799	-	55,670
Impairment charge for the year	-	-	16,202	3,191	3,252	-	22,645
Transfers	-	18,129	(18,129)	-	-	-	-
Relating to transfer from a related party (note 16)	-	-	-	-	5	-	5
Relating to transfers to a related party (note 16)	-	-	(227)	(339)	(587)	-	(1,153)
Relating to disposals	-	(169)	(18,078)	(10,697)	(12,573)	-	(41,517)
Exchange differences	-	173	89	73	182	-	517
At 31 December 2023	-	22,444	317,717	170,867	141,080	-	652,108
Net carrying amount:							
At 31 December 2023	74,359	134,338	126,612	33,000	24,717	15,556	408,582

Capital work-in-progress as at 31 December 2024 and 2023 primarily relates to the cost of building new supermarkets and refurbishments of existing stores.

12 LEASES

The Group as a lessee
The Group has lease contracts for plots of land (lease terms between 5 to 38 years), premises used in its operations of supermarkets (lease terms between 1 to 10 years) and motor vehicles (lease term of 4 years). There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below:

Set out below are the carrying amounts of right-of-use assets recognised and the movements during 2024 and 2023:

2024

	Land AED'000	***Building/Stores AED'000***	***Motor vehicles AED'000***	***Total AED'000***
At 1 January 2024	**138,477**	**669,892**	**106**	**808,475**
Additions	**20,473**	**128,254**	**-**	**148,727**
Depreciation expense	**(7,391)**	**(159,354)**	**(47)**	**(166,792)**
Impairment, net	**-**	**(7,864)**	**-**	**(7,864)**
Reversal on account of store closure/termination	**-**	**(1,312)**	**-**	**(1,312)**
Lease modifications	**-**	**142,515**	**-**	**142,515**
Translation difference	**-**	**1**	**(1)**	**-**
At 31 December 2024	**151,559**	**772,132**	**58**	**923,749**

2023

	Land AED'000	*Building/Stores AED'000*	*Motor vehicles AED'000*	*Total AED'000*
At 1 January 2023	109,868	566,756	18	676,642
Additions	35,045	134,289	140	169,474
Depreciation expense	(6,436)	(170,021)	(51)	(176,508)
Impairment, net	-	(4,000)	-	(4,000)
Reversal on account of store closure/termination	-	(22,657)	-	(22,657)
Lease modifications	-	165,438	-	165,438
Translation difference	-	87	(1)	86
At 31 December 2023	138,477	669,892	106	808,475

Set out below are the carrying amounts of lease liabilities and the movements during 2024 and 2023:

	2024 AED'000	*2023 AED'000*
As at 1 January	**923,157**	780,005
Additions	**148,727**	169,474
Accretion of interest (note 8)	**50,487**	44,057
Reversal on account of store closure/termination	**(1,857)**	(24,944)
Payments	**(202,596)**	(210,951)
Relating to lease modification	**142,515**	165,438
Translation difference	**(40)**	78
As at 31 December	**1,060,393**	923,157
Less: Current portion (disclosed under current liabilities)	**(173,657)**	(143,833)
Non-current portion as at 31 December	**886,736**	779,324

The maturity analysis of lease liabilities is disclosed in note 26.

12 LEASES (continued)

The Group as a lessee (continued)
The following are the amounts recognised in the consolidated statement of profit or loss:

	2024 AED'000	*2023 AED'000*
Depreciation and impairment of right-of-use assets	**174,656**	180,508
Interest expense on lease liabilities (included in finance costs)	**50,487**	44,057
Expense related to short-term lease (included in selling, general and administrative expenses)	**1,927**	1,489
Variable and other lease related expenses (included in selling, general and administrative expenses)	**28,718**	25,508
Gain on termination of leases	**(545)**	(2,287)
Total amount recognised in the consolidated Statement of profit or loss	**255,243**	249,275

The future cash outflows relating to leases that have not commenced as at the end of the respective reporting period are disclosed in note 25.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see note 3).

Group as a lessor
The Group has entered into operating leases on its owned assets or leased assets. These leases have terms of between 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during 2024 is AED 54,956 thousand (2023: AED 49,327 thousand).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 AED'000	*2023 AED'000*
Within one year	**35,512**	39,794
After one year but not more than five years	**47,781**	61,181
	83,293	100,975

13 INTANGIBLE ASSETS

	Goodwill AED'000	***Trademark rights AED'000***	***Total AED'000***
At 1 January 2023	7,363	-	7,363
Addition (note 16)	-	34,000	34,000
Impairment charge	(3,463)	-	(3,463)
Transfer to a related party (note 16)	(3,900)	-	(3,900)
At 31 December 2023	-	34,000	34,000
At 31 December 2024	**-**	**34,000**	**34,000**

13 INTANGIBLE ASSETS (continued)

Goodwill:
Goodwill as at 1 January 2023 represents the Group's share of the excess of the cost of acquisition over the fair value of identifiable net assets of retail supermarkets acquired from Souq Planet Trading – Sole Proprietorship LLC during 2021.

Trademark rights:
During 2023, the Group acquired "Spinneys" trademark rights worldwide (except UAE) for a consideration (at an agreed price) of AED 34,000 thousand from its Parent Company. These rights have an indefinite useful life and are tested for impairment annually.

Impairment testing of goodwill and trademark rights
The assessment of impairment is based on detailed planning of results of operations, which is prepared annually in the Group-wide budget planning process, taking account of the current business situation. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. The growth rates are based on management estimates having regard to industry growth rates. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group has not recorded any impairment charge for the year ended 31 December 2024 (2023: an impairment charge on goodwill of AED 3,463 thousand).

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, the key assumptions of revenue and discount rates are sensitive to the impairment testing. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amount.

14 INVENTORIES

	2024 AED'000	*2023 AED'000*
Goods for resale	**156,151**	129,069
Goods-in-transit	**960**	4,092
	157,111	133,161

During 2024 and 2023, amounts of AED 1,877,999 thousand and AED 1,655,015 thousand, respectively were recognised as expense for inventories under cost of sales.

Set out below is the movement in the provision for old and obsolete inventories:

	2024 AED'000	*2023 AED'000*
At 1 January	**48,385**	37,432
Charge for the year, net	**12,061**	10,940
Translation difference	**(6)**	13
At 31 December	**60,440**	48,385

15 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2024 ***AED'000***	*2023* *AED'000*
Trade receivables	**33,052**	32,831
Refundable security deposits	**57,334**	52,848
Prepaid expenses	**11,708**	14,585
VAT receivable	**1,119**	966
Other receivables*	**7,918**	8,162
	111,131	109,392
Less: non-current portion:		
Refundable security deposits (disclosed as other non-current assets)	**(56,045)**	(50,148)
Current portion	**55,086**	59,244

*includes AED 3,546 thousand as at 31 December 2024 (2023: AED 3,134 thousand) relating to inventories held on behalf of a related party which have been subsequently billed and collected.

Trade receivables, prepayments and other receivables do not contain any impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The Group has not assumed any expected credit loss (ECL) on its trade receivables as at 31 December 2024 and 2023 as all of its trade receivables are current and not past due as at the reporting date and the estimated ECL provision is not material.

The information about the basis of calculation of expected credit loss is disclosed in note 26.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Ultimate Parent Company, the Parent, key management personnel (including directors) and the entities in which they have substantial interests or are capable of exercising significant management influence.

(a) Details of significant related party transactions entered during 2024 and 2023 are as follows:

2024

	Liability for employees' end of service benefits transferred from/ (to) AED'000	***Sale of goods AED'000***	***Purchase of goods AED'000***	***Operation services fees income AED'000***	***Insurance costs AED'000***	***Stock transferred to AED'000***	***Recharge of selling, general and administrative expenses to AED'000***	***Selling, general and administrative expenses from AED'000***	***Purchase/ (transfer) of property, plant and equipment AED'000***	***Capital expenditure AED'000***	***Transfer of goodwill AED'000***	***Rental income AED'000***
Ultimate Parent Company	**-**	**125**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**406**
Parent	**2,968**	**-**	**-**	**-**	**-**	**-**	**2,195**	**-**	**20**	**-**	**-**	**-**
Entities under common control	**-**	**1,663**	**65,833**	**-**	**22,924**	**-**	**-**	**39,144@**	**-**	**28,614**	**-**	**3,123**
Parent's associate	**(8)**	**-**	**38,016**	**600**	**-**	**180,182 #**	**15,793**	**-**	**(12)***	**-**	**-**	**2,797**
Ultimate Parent Company's joint venture	**-**	**54**	**1,803**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2023

	Liability for employees' end of service benefits transferred from/ (to) AED'000	*Sale of goods AED'000*	*Purchase of goods AED'000*	*Operation services fees income AED'000*	*Insurance costs AED'000*	*Stock transferred to AED'000*	*Recharge of selling general and administrative expenses to AED'000*	*Selling, general and administrative expenses from AED'000*	*Purchase/ (transfer) of property, plant and equipment AED'000*	*Capital expenditure AED'000*	*Transfer of goodwill AED'000*	*Rental income AED'000*
Ultimate Parent Company	-	104	-	-	-	-	-	-	-	-	-	20
Parent	-	-	-	-	-	-	-	15,341	244,384	-	34,000	114
Entities under common control	-	1,843	63,536	-	19,144	-	-	40,626@	-	42,594	-	379
Parent's associate	(585)	-	41,102	600	-	159,216 #	16,142	-	-	-	(6,000)	912
Ultimate Parent's Company joint venture	-	157	3,078	-	-	-	-	-	-	-	-	-

#represents retail goods transferred at an agreed rate to the Parent's associate which is accounted for on a net basis as the Group acts as an agent to procure and deliver goods for the related party.

@include stores maintenance costs under the maintenance contract entered with related parties amounting to AED 38,251 thousand (2023: AED 36,027 thousand).

*gain on disposal of property, plant and equipment amounting to AED 12 thousand included in other income, note 6.

Capital expenditure commitments amounting to AED 14,420 thousand as at 31 December 2024 (2023: AED 14,065 thousand) are included within capital expenditure commitments as disclosed in note 25.

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Details of significant related party transactions entered during 2024 and 2023 are as follows: (continued)

Compensation of key management personnel of the Group
The remuneration of directors and other members of key management during 2024 and 2023 are as follows:

	2024 AED'000	*2023 AED'000*
Short-term employee benefits	**10,536**	7,330
Employees' end of service benefits	**1,779**	190
Board of Directors' remuneration, Audit and Risk Committee compensation and Nomination and Remuneration Committee compensation (note 7)	**3,481**	-
	15,796	7,520

(b) Related party balances:

Amounts due from related parties

	2024 AED'000	*2023 AED'000*
Ultimate Parent Company		
Albwardy Investment LLC	**17**	-
Parent		
Al Seer Group (L.L.C.)	**-**	3,119
Entities under common control		
Al Seer Food Services LLC	**224**	110
Europacific LLC	**40**	58
Desert Palm L.L.C	**3**	3
Technical Resources Establishment	**3**	-
Indian Pavilion Restaurant LLC	**1**	-
Parent's associate		
Spinneys (Abu Dhabi) L.L.C.**	**3,477**	3,432
	3,765	6,722

**refer to note 15 for disclosure about other receivables from this related party.

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party balances: (continued)

Amounts due to related parties

	2024	*2023*
	AED'000	*AED'000*
Ultimate Parent Company		
Albwardy Investment L.L.C.	**-**	5
Parent		
Al Seer Group (L.L.C.)	**739**	-
Entities under common control		
Albwardy Engineering Enterprise	**11,353**	17,718
Fit Fresh LLC	**2,976**	4,722
Al Seer Trading Agencies LLC	**1,807**	3,964
Fine Fair Commercial Complex LLC	**1,319**	2,265
Arabian Oasis Food Co LLC	**1,239**	2,232
Nasco Insurance Group	**262**	-
Al Seer Group LLC, Oman	**175**	145
Socotra Island Investments (Proprietary) Limited	**102**	-
Totale Cleaning Services	**65**	131
Istana Furniture	**-**	44
Indian Pavilion Restaurant LLC	**-**	4
Technical Resources Establishment	**-**	27
Ultimate Parent Company's joint venture		
Pacman Middle East LLC (related party until May 2024)	**-**	853
National Industrial Services Co LLC	**-**	17
Parent's associate		
Nestle UAE L.L.C	**1,774**	3,521
FerGulf Trading UAE L.L.C.	**783**	1,827
Reckitt Benckiser Arabia Trading LLC	**763**	1,355
Zest Wellness Pharmacy LLC	**275**	-
	23,632	38,830

(c) The following are the amounts recognised in the consolidated statement of profit or loss and in the consolidated statement of financial position relating to leases entered with related parties:

	2024	*2023*
	AED'000	*AED'000*
Depreciation of right-of-use assets	**39,265**	55,822
Interest expense on lease liabilities (included in finance costs)	**14,132**	14,036
Lease payments	**45,397**	63,991
Gain on termination of leases	**-**	2,251

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) The following are the amounts recognised in the consolidated statement of profit or loss and in the consolidated statement of financial position relating to leases entered with related parties: (continued)

	2024 AED'000	*2023 AED'000*
Right-of use assets	**210,544**	249,809
Lease liabilities	**226,271**	257,536
Refundable security deposits	**12,000**	12,000

Terms and conditions of transactions with related parties
The terms of trade with related parties are based on commercial terms.

Outstanding balances at the year-end arise in the normal course of business, are unsecured and interest free and settlement generally occurs in cash. For the year ended 31 December 2024, the Group has not recorded any provision for expected credit losses relating to due from related parties (2023: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

17 CASH AND SHORT-TERM DEPOSITS

	2024 AED'000	*2023 AED'000*
Cash in hand	**4,267**	5,479
Cash at banks	**55,901**	348,582
Short-term deposits	**476,000**	-
	536,168	354,061

Short-term deposits were denominated in AED with an effective interest rate ranging from 4.05% to 5.35% per annum (2023: nil).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following amounts as at 31 December:

	2024 AED'000	*2023 AED'000*
Cash in hand	**4,267**	5,479
Cash at banks	**55,901**	348,582
Cash and cash equivalents	**60,168**	354,061

18 INTEREST-BEARING LOANS AND BORROWINGS

	2024 AED'000	*2023 AED'000*
Balance at 1 January	**7,117**	7,461
Less: Repayment of loan	**(765)**	(762)
Exchange differences	**(94)**	418
Balance at 31 December	**6,258**	7,117
Less: Current portion of the loans repayable within one year disclosed under current liabilities	**(751)**	(762)
Non-current portion at 31 December	**5,507**	6,355

18 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Term loan carries interest charged at 2% above the bank's Sterling base rate and is repayable in monthly instalments. The bank loan is secured by way of a first legal charge over JHF Limited's (a subsidiary) land and buildings in the United Kingdom, an unlimited debenture incorporating a fixed charge over its book debts, a floating charge over all its other assets, and an unlimited composite corporate guarantee given by Al Seer Group (L.L.C.) to secure all liabilities of JHF Limited. Final instalment is due on 5 June 2033.

Instalments due after 12 months have been disclosed under non-current liabilities.

19 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2024	*2023*
	AED'000	*AED'000*
At 1 January	**68,480**	65,300
Provided during the year	**11,740**	10,182
Remeasurement loss	**1,441**	119
End of service benefits transferred, net (note 16)	**2,960**	(585)
End of service benefits paid	**(5,441)**	(6,609)
Exchange difference	**(8)**	73
At 31 December	**79,172**	68,480

Labour laws in the United Arab Emirates, Sultanate of Oman and the Kingdom of Saudi Arabia require employers to provide for other long-term employment benefits. These benefits are payable to employees on being transferred to another jurisdiction or on cessation of employment based on their final salary and number of years' service. The expected costs of these benefits are accrued over the period of employment.

Actuarial assumptions

	2024	*2023*
Discount rate	**4.8%**	4.9%
Long term salary increase rate	**4%**	4%
Annual rate of employees expected to leave	**12%**	12%

Sensitivity analysis

The Group has performed sensitivity analysis on the major assumptions for arriving at employees' end of service benefits. These assumptions include discount rate, salary increase rate and attrition rate.

The table below summarizes how the provision at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions as at 31 December 2024 and 2023:

	2024	*2023*
	AED'000	*AED'000*
Provision amount in base rate	**79,172**	68,480
Discount rate: +1%	**(3,962)**	(3,635)
Discount rate: -1%	**4,418**	3,995
Salary escalation rate: +1%	**4,231**	3,994
Salary escalation rate: -1%	**(4,030)**	(3,699)
Attrition rate: 25% increase	**266**	266
Attrition rate: 25% decrease	**(386)**	(454)

20 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 AED'000	*2023 AED'000*
Trade payables	**374,369**	419,512
Accrued expenses	**267,773**	239,488
Refundable security deposits	**8,529**	8,417
VAT payable, net	**8,576**	6,631
Advances from tenants	**11,399**	10,109
Other payables	**21,611**	19,758
	692,257	703,915
Less: non-current portion:	**(14,591)**	(14,308)
Current portion	**677,666**	689,607

21 SHARE CAPITAL

	2024 AED'000	*2023 AED'000*
Authorised, issued and fully paid up capital		
3,600,000,000 ordinary shares of AED 0.01 each	**36,000**	36,000

22 RESERVES

(a) Restricted reserve

Restricted reserve represents the statutory reserves of the subsidiaries (Spinneys Dubai (L.L.C.) amounting to AED 4,150 thousand, Fine Fare Food Market (L.L.C.) amounting to AED 150 thousand and Al Fair SPC amounting to AED 478 thousand). The reserve is not available for distribution.

(b) Actuarial reserve

Actuarial reserve arises due to re-measurements of the defined benefit liability, which comprise actuarial gains and losses recognised immediately in the consolidated statement of financial position through OCI in the period in which they occur.

(c) Foreign currency translation reserve

The translation reserve records the exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Company's presentation currency.

23 DIVIDENDS

During the year ended 31 December 2024, the Directors approved an interim dividend of AED 0.0285 per share amounting to AED 102,600 thousand (2023: final dividend of AED 0.055 per share amounting to AED 197,639 thousand).

24 DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

Forward foreign exchange contracts

The Group is party to forward foreign exchange contracts which are used to manage foreign exchange risks arising or expected to arise from the Group's contracted or anticipated commitments under contracts for the purchase of goods.

The Group had 27 forward foreign exchange contracts outstanding as at 31 December 2024 (2023: 24 forward foreign exchange contracts). The amount of Dirhams (AED) contracted to be paid, the contract exchange rates and the settlement dates of outstanding contracts at the year-end were as follows:

	Exchange rate		***2024***	*2023*
	2024	*2023*	***AED'000***	*AED'000*
Pound Sterling				
- 3 months or less	**4.7407**	4.5558	**40,837**	45,699
Euro				
- 3 months or less	**3.9346**	3.9502	**44,894**	31,270
Australian Dollars				
- 3 months or less	**2.4096**	2.3899	**19,723**	19,576
South African Rand				
- 3 months or less	**0.2062**	0.1937	**4,429**	3,381
Thai Baht				
- 3 months or less	**0.1084**	-	**673**	-
			110,556	99,926

The fair value of forward foreign exchange contracts as at 31 December 2024 was AED 3,759 thousand negative, included within other payables (2023: AED 3,011 thousand positive, included within other receivables).

The forward foreign exchange contract transactions do not qualify as hedges for the purpose of hedge accounting. Accordingly, the change in fair value of AED 6,770 thousand negative during the year 2024 (2023: AED 84 thousand positive) has been recognised under selling, general and administrative expenses in the consolidated statement of profit or loss.

Product type

Foreign exchange contracts are contractual agreements to either buy or sell a specified currency at a specific price and date in the future.

Related credit risk

Credit risk in respect of foreign exchange contracts arises from the potential for a counterparty to default on its contractual obligation and is limited to the positive fair value of instruments that are favourable to the Group. All of the Group's contracts are entered into with well-established banks.

25 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS

At 31 December 2024, the Group had contingent liabilities in respect of bank and other guarantees including performance guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 5,999 thousand (2023: AED 9,763 thousand).

At 31 December 2023, the Group had given three corporate guarantees in total amounting to AED 163.3 million, AED 390 million and USD 45 million for the benefit of its related parties. All these guarantees were released during the year 2024.

	2024	*2023*
	AED'000	*AED'000*
Capital expenditure commitments:		
Estimated capital expenditure contracted for at the reporting date but not provided for:		
Property, plant and equipment	**44,920**	53,072

25 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Lease and non-lease commitments
Future minimum rentals under such non-cancellable lease contracts that have not commenced and non-lease payments under all the non-cancellable lease agreements (including those commenced and not commenced) as at 31 December are as follows:

	2024 ***AED'000***	*2023* *AED'000*
Within one year	**43,499**	41,103
After one year but not more than five years	**182,724**	205,325
More than five years	**139,603**	93,944
	365,826	340,372

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest bearing loans and borrowings, trade payables, accruals and other payables, lease liabilities and amounts due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, refundable security deposits, other receivables, amounts due from related parties and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward foreign exchange contracts. The purpose is to manage the currency risks arising from the Group's operations.

It is, and has been throughout 2024 and 2023, the Group's policy that no trading in derivative instruments shall be undertaken.

The main risks arising from the Group's financial instruments are:

- interest rate risk;
- foreign currency risk;
- credit risk; and
- liquidity risk.

The Group's risk management policies are established to identify and analyse the risks 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, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Directors review and agree policies for managing each of these risks which are summarised below:

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest-bearing loans and borrowings which bear interest at variable rates and exposes the Group to cash flow interest rate risk.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

There is no direct impact on the Group's equity other than the impact resulting from the effect on profit for the year.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

	2024		*2023*	
Currency	***Change in basis points***	***Effect on profit for the year AED'000***	*Change in basis points*	*Effect on profit for the year AED'000*
AED	**+15**	**(1)**	+15	(1)
AED	**-15**	**1**	-15	1

Foreign currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risks mainly arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a currency other than the respective functional currencies of the Group entities. The Group operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the Great British Pounds, Australian Dollars, Euro and South African Rand. The Group's statement of financial position is not affected significantly by movements in other currencies as majority of its transactions are in AED or currencies pegged to the AED. The United Arab Emirates Dirham is currently pegged to the USD. The Group mitigates the effect of its structural currency exposure on future commercial transactions by borrowing in the respective currencies of the operating units.

The Group also has transactional currency exposures primarily with respect to the Pounds Sterling and Australian dollars. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item.

Other than unhedged trade payables of AED 2,755 thousand as at 31 December 2024 (2023: AED 2,148 thousand) in the following denominations due in foreign currencies, the Group is not exposed to significant currency risk.

Foreign currency amounts in '000	***2024***	*2023*
NZD	**1,189**	431
BRL	**507**	362
THB	**-**	8,173

There is no direct impact on the Group's equity other than the impact resulting from the effect on profit for the year.

	Increase/ decrease in FC rate rate to the AED	***Effect on profit AED'000***
2024	**+15%**	**(413)**
	-15%	**413**
2023	+15%	(322)
	-15%	322

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position. The Group is exposed to credit risk as follows:

	2024 AED'000	*2023 AED'000*
Amounts due from related parties	**3,765**	6,722
Trade receivables	**33,052**	32,831
Refundable security deposits	**57,334**	52,848
Other receivables	**7,918**	8,162
Bank balances and short-term deposits	**531,901**	348,582
	633,970	449,145

Due from related parties
Outstanding balances at the year-end arise in the normal course of business and are unsecured and interest free. Management does not expect any losses from non-performance by such related parties. For the years ended 31 December 2024 and 2023, the Group has not recorded any expected credit loss on amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Trade receivable
Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Outstanding trade receivables are regularly monitored by management and mainly includes receivables from credit card sales and sales through e-commerce aggregators.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and coverage by letters of credit or other forms of credit insurance (if any). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when the management has resorted to all the available options and concludes that there is no probability of recovering the dues and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value disclosed in Note 15. The Group does not hold collateral as security.

Other receivables
With respect to credit risk arising from other financial assets, including refundable security deposits, the Group's exposure to credit arises from default of the counter party with maximum exposure equal to the carrying amount of these assets.

Bank balances and short-term deposits
The Group manages credit risk exposure arising from cash at banks by dealing with well-established banks.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages liquidity risk by maintaining banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's terms of sale require amounts to be paid upfront. Trade payables are normally settled within 60 days of the date of purchase.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)
The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2024:

	Less than 3 months AED'000	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*>5 years AED'000*	*Total AED'000*
Trade payables, accruals and other payables	**515,771**	**141,920**	**14,591**	**-**	**672,282**
Amounts due to related parties	**23,632**	**-**	**-**	**-**	**23,632**
Lease liabilities	**53,283**	**165,562**	**648,816**	**471,792**	**1,339,453**
Interest-bearing loans and borrowings	**-**	**1,161**	**4,136**	**2,820**	**8,117**
Total	**592,686**	**308,643**	**667,543**	**474,612**	**2,043,484**

At 31 December 2023:

	Less than 3 months AED'000	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*>5 years AED'000*	*Total AED'000*
Trade payables, accruals and other payables	542,142	130,725	14,308	-	687,175
Amounts due to related parties	38,830	-	-	-	38,830
Lease liabilities	50,398	137,651	566,578	420,628	1,175,255
Interest-bearing loans and borrowings	-	1,197	4,316	3,940	9,453
Total	631,370	269,573	585,202	424,568	1,910,713

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise returns to the shareholders.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirement of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023 other than reorganisation as disclosed in note 1.

27 FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and derivative instruments.

Financial assets consist of cash and short-term deposits, trade receivables, refundable security deposits to landlords, other receivables and amounts due from related parties. Financial liabilities consist of interest-bearing loans and borrowings, lease liabilities, trade and other payables, accrued expenses, refundable security deposits from tenants and amounts due to related parties. Derivative instruments consist of forward foreign exchange contracts and are included in other payables amounting to AED 3,759 thousand as at 31 December 2024 (2023: AED 3,011 thousand included in other receivables).

The fair value of financial assets and liabilities approximate their carrying values at the end of the year.

The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

27 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of assets and liability by valuation technique:

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.

At 31 December 2024

	Level 1 AED'000	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Asset measured at fair value				
Foreign exchange forward contracts (note 24)	**-**	**(3,759)**	**-**	**(3,759)**

At 31 December 2023

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Asset measured at fair value				
Foreign exchange forward contracts (note 24)	-	3,011	-	3,011

There were no transfers between Level 1 and Level 2 during 2024 and 2023.

28 EARNING PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to the shareholders by weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent (adjusted for the effect of dilution, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 December 2024 and 2023, there were no shares which were dilutive in nature.

The information necessary to calculate basic and diluted earnings per share is as follows:

	2024 AED	*2023 AED*
Profit for the year attributable to equity holders of the parent	**304,270,000**	256,152,000
Weighted average number of shares – basic and diluted	**3,600,000,000**	3,600,000,000
Attributable to the shareholders:		
Basic and diluted earnings per share (in AED per share)	**0.0845**	0.0712

29 ENTITIES

The controlled entities included in the consolidated financial statements are as reflected below:

Entities	*Country of incorporation*	**% of shareholding** ***2024***	*2023*	*Principal activities*
Spinneys Dubai (L.L.C.)	United Arab Emirates	**100%**	100%	Engaged in the operation of supermarkets in United Arab Emirates
Al Fair SPC	Sultanate of Oman	**100%**	100%	Engaged in the operation of supermarkets in Oman
Spinneys Shj. Ltd. Co.	United Arab Emirates	**100%**	100%	Engaged in operation of supermarket in Sharjah
Fine Fare Food Market (LLC)	United Arab Emirates	**100%**	100%	Engaged in the operation of supermarkets in United Arab Emirates
JHF Limited	United Kingdom	**100%**	100%	Engaged in the trading in and export of foodstuffs, grocery and non-food products
JHF USA Exports, Inc.	United States of America	**100%**	100%	Engaged in business of purchase of goods for export and all related activities
Centurio Holdings Ltd.	British Virgin Islands	**100%**	100%	Investment holding company
JHF Australia Exports Pty. Ltd.	Australia	**100%**	100%	Engaged in wholesale of food stuff, groceries and consumer products
Finefair Food Market Services Limited	British Virgin Islands	**100%**	100%	Investment holding company
Spinneys IP Limited	United Arab Emirates	**100%**	100%	Holding company of "Spinneys" trademark rights worldwide (except UAE)
Al Ma'kulat Al-Fakhirah for Food Products LLC*	Saudi Arabia	**50%**	50%	Engaged in operation of supermarkets in Saudi Arabia
Spinneys Factories For Bakery Products LLC	United Arab Emirates	**100%**	100%	Engaged in production of bakery products
Spinneys Fresh Food Industries LLC	United Arab Emirates	**100%**	100%	Engaged in processing of meat for supermarkets
Spinneys Shopping Center L.L.C	United Arab Emirates	**100%**	100%	Engaged in operating a shopping center
Waitrose Shopping Centre L.L.C	United Arab Emirates	**100%**	100%	Engaged in operating a shopping center

*Considered as a subsidiary based on the agreement between the shareholders.

30 SUBSEQUENT EVENTS

On 11 February 2025, the Board of Directors of the Company proposed a final dividend to the shareholders amounting to AED 100,800 thousand, at AED 0.028 per share, which is subject to the approval of the shareholders at the Annual General Meeting.

There were no other significant events subsequent to the year-end that require either adjustments or disclosures in the consolidated financial statements.

31 COMPARATIVE INFORMATION

Following comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements. Such reclassifications do not affect the previously reported consolidated profit or equity:

- Income tax payable amounting to AED 463 thousand which was presented as part of "trade payables, accruals and other payables" as at 31 December 2023, is now shown separately on the face of the consolidated statement of financial position; and
- Amounts due to related parties amounting to AED 6,705 thousand as at 31 December 2023 has been reclassified to other payables within "trade payables, accruals and other payables".