

Spinneys 1961 Holding PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024**



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SPINNEYS 1961 HOLDING PLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Spinneys 1961 Holding PLC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 31 March 2024, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Other Matter

The interim condensed consolidated financial statements for the three-months period ended 31 March 2023 were not reviewed and our conclusion does not relate to the comparatives presented in these interim condensed consolidated financial statements which are presented only for comparison purpose.

Conclusion

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

13 May 2024

Dubai, United Arab Emirates

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024

	Notes	<i>Three-month period ended 31 March</i>	
		2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited and unreviewed)
Revenue from contracts with customers	5	803,391	724,123
Rental income	9	11,365	10,791
Revenue	4	814,756	734,914
Cost of sales		(479,160)	(443,284)
GROSS PROFIT		335,596	291,630
Other income		3,048	2,863
Selling, general and administrative expenses	6	(187,804)	(155,675)
Depreciation of right-of-use assets	9	(39,822)	(43,648)
Depreciation and impairment of property, plant and equipment	8	(18,050)	(18,337)
Impairment of goodwill		-	(470)
Finance income		1,827	-
Finance costs		(12,095)	(9,740)
PROFIT FOR THE PERIOD BEFORE TAX		82,700	66,623
Income tax expense	7	(7,995)	(406)
PROFIT FOR THE PERIOD		74,705	66,217
Attributable to:			
Equity holders of the Company		77,222	66,217
Non-controlling interest		(2,517)	-
		74,705	66,217
Earnings per share			
Basic and diluted, profit for the period attributable to equity holders of the Company (in AED per share)	15	0.021	0.018

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
PROFIT FOR THE PERIOD	74,705	66,217
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences on translation of foreign operations	149	154
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	149	154
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	74,854	66,371
Attributable to:		
Equity holders of the Company	77,371	66,371
Non-controlling interest	(2,517)	-
	74,854	66,371

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	412,464	408,582
Intangible assets		34,000	34,000
Right-of-use assets	9	829,595	808,475
Other non-current assets		49,486	50,148
Deferred tax assets	7	1,219	1,250
		<u>1,326,764</u>	<u>1,302,455</u>
Current assets			
Inventories	10	125,565	133,161
Trade receivables, prepayments and other receivables		53,203	59,244
Amounts due from related parties	12	6,676	6,722
Cash and short-term deposits	11	469,583	354,061
		<u>655,027</u>	<u>553,188</u>
TOTAL ASSETS		<u>1,981,791</u>	<u>1,855,643</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		36,000	36,000
Restricted reserve		4,778	4,778
Retained earnings		143,377	66,155
Actuarial reserve		7,585	7,585
Foreign currency translation reserve		1,000	851
Equity attributable to equity holders of the Company		<u>192,740</u>	<u>115,369</u>
Non-controlling interest		(4,205)	(1,688)
TOTAL EQUITY		<u>188,535</u>	<u>113,681</u>
Non-current liabilities			
Interest-bearing loans and borrowings		6,170	6,355
Other non-current liabilities		15,815	14,308
Lease liabilities	9	790,398	779,324
Employees' end of service benefits		77,045	68,480
		<u>889,428</u>	<u>868,467</u>
Current liabilities			
Trade payables, accruals and other payables		708,045	689,607
Lease liabilities	9	152,551	143,833
Interest-bearing loans and borrowings		755	762
Amounts due to related parties	12	34,335	38,830
Income tax payable		8,142	463
		<u>903,828</u>	<u>873,495</u>
TOTAL LIABILITIES		<u>1,793,256</u>	<u>1,741,962</u>
TOTAL EQUITY AND LIABILITIES		<u>1,981,791</u>	<u>1,855,643</u>


Director


Director

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

	Notes	Three-month period ended 31 March	
		2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited and unreviewed)
OPERATING ACTIVITIES			
Profit before tax		82,700	66,623
Adjustments to reconcile profit before tax to net cash flows:			
Net gain on disposal of property, plant and equipment and intangible assets		(189)	(366)
Finance income		(1,827)	-
Finance costs		12,095	9,740
Depreciation and impairment of property, plant and equipment	8	18,050	18,337
Depreciation of right of use assets	9	39,822	43,648
Loss on change in fair value of forward exchange contracts		4,143	1,425
Impairment of goodwill		-	470
(Reversal of provision)/ provision for old and obsolete inventories	10	(1,729)	2,472
Gain on termination of leases		-	(45)
Provision for employees' end of service benefits		6,691	2,011
		<u>159,756</u>	<u>144,315</u>
Working capital adjustments:			
Inventories		9,325	186
Trade receivables, prepayments and other receivables		3,692	15,571
Related party balances*		(1,500)	(73,192)
Trade payables, accruals and other payables		18,813	17,044
		<u>190,086</u>	<u>103,924</u>
Employees' end of service benefits paid		(1,040)	(2,252)
Interest paid		(127)	(107)
Income tax paid		(316)	(228)
		<u>188,603</u>	<u>101,337</u>
Net cash flows from operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(22,375)	(12,559)
Proceeds from disposal of property, plant and equipment and intangible assets		417	366
Investment in short-term deposits		(100,000)	-
Interest received		1,827	-
		<u>(120,131)</u>	<u>(12,193)</u>
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Dividends paid		-	(41,426)
Repayment of lease liabilities	9	(53,071)	(55,598)
Repayment of interest-bearing loans and borrowings		(100)	(185)
		<u>(53,171)</u>	<u>(97,209)</u>
Net cash flows used in financing activities			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>15,301</u>	<u>(8,065)</u>
Cash and cash equivalents at 1 January		354,061	39,671
Net foreign exchange difference		221	(201)
		<u>369,583</u>	<u>31,405</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	11	<u><u>369,583</u></u>	<u><u>31,405</u></u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended 31 March 2024

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

	<i>Notes</i>	<i>Three-month period ended 31 March</i>	
		<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
End of service benefits transferred, net	12	2,968	134
Property, plant and equipment transferred from related parties	8	(20)	-

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

31 March 2024 (Unaudited)

	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
As at 1 January 2024 (Audited)	36,000	4,778	66,155	7,585	851	115,369	(1,688)	113,681
Profit for the period (Unaudited)	-	-	77,222	-	-	77,222	(2,517)	74,705
Other comprehensive income for the period (Unaudited)	-	-	-	-	149	149	-	149
Total comprehensive income for the period (Unaudited)	-	-	77,222	-	149	77,371	(2,517)	74,854
As at 31 March 2024 (Unaudited)	36,000	4,778	143,377	7,585	1,000	192,740	(4,205)	188,535

31 March 2023 (Unaudited and unreviewed)

	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
As at 1 January 2023 (Audited)	-	4,778	20,854	7,704	568	33,904	-	33,904
Profit for the period (Unaudited and unreviewed)	-	-	66,217	-	-	66,217	-	66,217
Other comprehensive income for the period (Unaudited and unreviewed)	-	-	-	-	154	154	-	154
Total comprehensive income for the period (Unaudited and unreviewed)	-	-	66,217	-	154	66,371	-	66,371
Dividends declared and paid (Unaudited and unreviewed)	-	-	(41,426)	-	-	(41,426)	-	(41,426)
As at 31 March 2023 (Unaudited and unreviewed)	-	4,778	45,645	7,704	722	58,849	-	58,849

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

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 “Owner”).

As per the resolution of the sole shareholder dated 12 December 2023, during the year ended 31 December 2023, the Parent transferred its subsidiaries as listed in note 16, predominantly engaged in the retail supermarket and related business, to a newly established and fully controlled entity named Spinneys 1961 Holding Limited (the “reorganisation”). The difference between the net book value of the subsidiaries transferred and the purchase consideration was accounted within retained earnings. Further, Spinneys IP Limited was transferred at an agreed price and recorded as an asset addition.

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 interim condensed consolidated financial statements of the Group are prepared to reflect that the reorganisation is in substance a continuation of the subsidiaries of the Parent predominantly engaged in the retail supermarket business as if the Company has always owned them.

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 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 16.

The interim condensed consolidated financial statements were authorised for issue on 13 May 2024 by the Board of Directors.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2023.

The preparation of interim condensed consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group’s interim condensed consolidated financial statements are largely consistent with the annual consolidated financial statements for the year ended 31 December 2023 and should be read in conjunction thereof.

The Group’s business is subject to moderate seasonal fluctuations, of which is affected by the holy month of Ramadan (lower sales due the impact of Ramadan fasting among the majority Muslim population, affecting consumption patterns), summer holidays (substantial decrease in local population as expats and residents travel during the hot summer months, reducing sales over the period) and festive season (peak tourist influx during the festive season, complemented by residents staying in the city, creating a high demand period). As a result of moderate seasonal fluctuations, results for any quarter are not necessarily indicative of the results that may be achieved for any quarter or for the full fiscal year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

2 BASIS OF PREPARATION (continued)

These interim condensed consolidated financial statements have been presented on 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.

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

The interim condensed consolidated financial statements are presented in the United Arab Emirates Dirham (AED), which is the Company's functional currency. All values are rounded to the nearest thousand (AED'000), except when otherwise indicated.

3 ACCOUNTING POLICIES**3.1 New standards, interpretations and amendments thereof, adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 which had no significant impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued as at the date of the authorisation of these interim condensed consolidated financial statements but is not yet effective. Management has assessed the implication of adopting the new standards which are not yet effective and concluded that there are no significant impact on the interim condensed consolidated financial statements of the Group.

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 interim condensed consolidated financial statements. There are two main reportable segments: United Arab Emirates (UAE) and Sultanate of Oman (Oman).

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

	<i>Reportable segments</i>		<i>Intercompany transactions*</i>		<i>Total</i>	
	<i>Three-month period ended 31 March</i>		<i>Three-month period ended 31 March</i>		<i>Three-month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited and unreviewed)</i>	<i>(Unaudited)</i>	<i>(Unaudited and unreviewed)</i>	<i>(Unaudited)</i>	<i>(Unaudited and unreviewed)</i>
Revenue						
UAE	790,521	710,252	-	-	790,521	710,252
Oman	24,025	24,460	-	-	24,025	24,460
Others	89,794	91,309	(89,584)	(91,107)	210	202
Total	904,340	826,021	(89,584)	(91,107)	814,756	734,914

*represents inter reportable segments sales and purchases transactions.

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

4 SEGMENT INFORMATION (continued)

	<i>Reportable segments</i>	
	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
<i>Profit for the period before tax</i>		
UAE	87,655	65,517
Oman	(873)	(854)
Others	(4,082)	1,960
Total	82,700	66,623
<i>Unallocated:</i>		
Income tax expense*	(7,995)	(406)
Profit for the period	74,705	66,217

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

	<i>Assets</i>		<i>Liabilities</i>	
	<i>31 March 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Audited) AED'000</i>	<i>31 March 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Audited) AED'000</i>
UAE	1,884,946	1,771,673	1,683,272	1,650,143
Oman	24,715	24,051	38,003	36,745
Others	125,446	111,557	118,364	100,066
Eliminations and adjustment	(53,316)	(51,638)	(46,383)	(44,992)
Total	1,981,791	1,855,643	1,793,256	1,741,962

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Revenue from sale of goods	803,391	724,123

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

5 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

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

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Geographical market		
United Arab Emirates	779,242	699,543
Sultanate of Oman	23,939	24,378
Others	210	202
	803,391	724,123
Timing of revenue recognition		
Goods transferred at a point in time	803,391	724,123

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Staff costs	82,215	68,018
Premises costs	37,106	37,015
Warehousing, selling and distribution costs	34,541	31,825
Legal and professional charges	14,538	2,578
Marketing costs	6,638	6,308
Information system and communication costs	5,493	4,364
Others	7,273	5,567
	187,804	155,675

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

7 INCOME TAX

a. Tax on ordinary activities

The major components of income tax expense in the interim condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024 and 31 March 2023 are:

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Current income tax:		
Current income tax expense	7,995	406
Deferred tax:		
Relating to the origination and reversal of temporary differences	-	-
Income tax expense reported in the interim condensed consolidated statement of profit or loss	7,995	406

b. Reconciliation of tax charge

Reconciliation of tax expense and the accounting profit multiplied by the UAE's domestic tax rate for the three-month period ended 31 March 2024 and 31 March 2023:

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Accounting profit before income tax	82,700	66,623
At the UAE statutory tax rate of 9% charged during the period (2023: Nil)	7,820	-
Adjustment in respect of standard deduction as per the Law*	(34)	-
Effect of higher overseas tax rates	209	406
At the effective current income tax rate of 2024: 9.7% (2023: 0.6%)	7,995	406

*As per the UAE CT 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.

c. Deferred tax

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
The deferred tax assets relate to:		
Deferred tax assets:		
Depreciation	572	584
Provision and reserve	647	666
	1,219	1,250

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

7 INCOME TAX (continued)**c. Deferred tax (continued)**

Deferred tax assets are only recognised on losses available for offsetting against future taxable income to the extent that it is probable that taxable profits will be available against which losses can be utilised. The Group has prepared a forecast which indicates that the Group will have sufficient taxable profits in the entities in the near future to support the recognition of the deferred tax assets.

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

Deferred tax assets:

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
At 1 January	1,250	1,287
Deferred tax charge	-	(47)
Translation adjustment	(31)	10
	<hr/>	<hr/>
At 31 March/ December	1,219	1,250
	<hr/> <hr/>	<hr/> <hr/>

For the purpose of determining income tax expense for the period, 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.

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

8 PROPERTY, PLANT AND EQUIPMENT

2024

	<i>Freehold land AED'000</i>	<i>Buildings AED'000</i>	<i>Leasehold improvements AED'000</i>	<i>Plant and machinery AED'000</i>	<i>Vehicles, furniture and equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Total AED'000</i>
Cost:							
At 1 January 2024 (<i>Audited</i>)	74,359	156,782	444,329	203,867	165,797	15,556	1,060,690
Additions (<i>Unaudited</i>)	-	-	4,506	1,187	2,617	14,065	22,375
Transfers from capital work in progress (<i>Unaudited</i>)	-	-	6,895	2,400	724	(10,019)	-
Transfers from related parties (note 12) (<i>Unaudited</i>)	-	-	-	19	39	-	58
Disposals/ written off (<i>Unaudited</i>)	-	(39)	(5,330)	(1,131)	(2,968)	-	(9,468)
Exchange differences (<i>Unaudited</i>)	(129)	(100)	(283)	(16)	(324)	(4)	(856)
At 31 March 2024 (<i>Unaudited</i>)	74,230	156,643	450,117	206,326	165,885	19,598	1,072,799
Depreciation and impairment:							
At 1 January 2024 (<i>Audited</i>)	-	22,444	317,717	170,867	141,080	-	652,108
Depreciation charge for the period (<i>Unaudited</i>)	-	3,282	8,561	3,386	2,562	-	17,791
Impairment charge for the period (<i>Unaudited</i>)	-	-	-	-	259	-	259
Relating to transfer from related parties (note 12) (<i>Unaudited</i>)	-	-	-	19	19	-	38
Relating to disposals (<i>Unaudited</i>)	-	(5)	(5,330)	(1,131)	(2,774)	-	(9,240)
Exchange differences (<i>Unaudited</i>)	-	(32)	(261)	(14)	(314)	-	(621)
At 31 March 2024 (<i>Unaudited</i>)	-	25,689	320,687	173,127	140,832	-	660,335
Net carrying amount:							
At 31 March 2024 (<i>Unaudited</i>)	74,230	130,954	129,430	33,199	25,053	19,598	412,464

Spinneys 1961 Holding PLC

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8 PROPERTY, PLANT AND EQUIPMENT (continued)

2023 (Audited)

	<i>Freehold land AED'000</i>	<i>Buildings AED'000</i>	<i>Leasehold improvements AED'000</i>	<i>Plant and machinery AED'000</i>	<i>Vehicles, furniture and equipment AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Total AED'000</i>
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	58,205	123,139	63,000	-	45	-	244,389
Transfers to a related party	-	-	(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	<u>74,359</u>	<u>156,782</u>	<u>444,329</u>	<u>203,867</u>	<u>165,797</u>	<u>15,556</u>	<u>1,060,690</u>
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	-	-	-	-	5	-	5
Relating to transfers to a related party	-	-	(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	<u>-</u>	<u>22,444</u>	<u>317,717</u>	<u>170,867</u>	<u>141,080</u>	<u>-</u>	<u>652,108</u>
Net carrying amount:							
At 31 December 2023	<u><u>74,359</u></u>	<u><u>134,338</u></u>	<u><u>126,612</u></u>	<u><u>33,000</u></u>	<u><u>24,717</u></u>	<u><u>15,556</u></u>	<u><u>408,582</u></u>

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9 LEASES

The Group as a lessee

The Group has lease contracts for plot 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 (Unaudited)

	<i>Land</i> AED'000	<i>Building/Stores</i> AED'000	<i>Motor vehicles</i> AED'000	<i>Total</i> AED'000
At 1 January 2024	138,477	669,892	106	808,475
Additions	-	48,250	-	48,250
Depreciation expense	(1,769)	(38,041)	(12)	(39,822)
Lease modifications	-	12,895	-	12,895
Translation difference	-	(202)	(1)	(203)
At 31 March 2024	136,708	692,794	93	829,595

2023 (Audited)

	<i>Land</i> AED'000	<i>Building/Stores</i> AED'000	<i>Motor vehicles</i> AED'000	<i>Total</i> 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:

	<i>31 March</i> <i>2024</i> AED'000 <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> AED'000 <i>(Audited)</i>
As at 1 January	923,157	780,005
Additions	48,250	169,474
Accretion of interest	11,968	44,057
Reversal on account of store closure	-	(24,944)
Payments	(53,071)	(210,951)
Relating to lease modification	12,895	165,438
Translation difference	(250)	78
As at 31 March / 31 December	942,949	923,157
Less: Current portion (disclosed under current liabilities)	(152,551)	(143,833)
Non-current portion as at 31 March / 31 December	790,398	779,324

Spinneys 1961 Holding PLC

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9 LEASES (continued)

The Group as a lessee (continued)

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.

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 the period ended 31 March 2024 (Unaudited) is AED 11,365 thousand (31 March 2023 (Unaudited and unreviewed): AED 10,791 thousand).

10 INVENTORIES

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Goods for resale	123,887	129,069
Goods-in-transit	1,678	4,092
	<u>125,565</u>	<u>133,161</u>

During the three-month period ended 31 March 2024 (Unaudited) and 31 March 2023 (Unaudited and unreviewed), AED 480,889 thousand and AED 440,812 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:

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 March 2023 AED'000 (Unaudited and unreviewed)</i>
At 1 January	48,385	37,432
(Reversal)/ charge for the period, net	(1,729)	2,472
Translation difference	(562)	(2)
At 31 March	<u>46,094</u>	<u>39,902</u>

11 CASH AND SHORT-TERM DEPOSITS

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Cash in hand	4,018	5,479
Cash at banks	265,565	348,582
Short-term deposits	200,000	-
	<u>469,583</u>	<u>354,061</u>

Short-term deposits were denominated in AED with an effective interest rate ranging from 5.08% to 5.35% per annum (2023: nil).

Spinneys 1961 Holding PLC

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As at and for the three-month period ended 31 March 2024

11 CASH AND SHORT-TERM DEPOSITS (continued)

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

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Cash in hand	4,018	5,479
Cash at banks	265,565	348,582
Short-term deposits (maturing within 3 months)	100,000	-
Cash and cash equivalents	369,583	354,061

Spinneys 1961 Holding PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Owner, the Ultimate Parent Company, the Parent, key management personnel and the entities in which they have substantial interests or are capable of exercising significant management influence. Prices and terms for these transactions are approved by the Directors.

(a) Details of significant related party transactions entered are as follows:

Three-month period ended 31 March 2024 (Unaudited)

	<i>Liability for employees' end of service benefits transferred from</i>	<i>Sale of goods</i>	<i>Purchase of goods</i>	<i>Operation services fees income</i>	<i>Insurance costs</i>	<i>Stock transferred to</i>	<i>Recharge of selling, general and administrative expenses to</i>	<i>Selling, general and administrative expenses from</i>	<i>Purchase/ (transfer) of property, plant and equipment</i>	<i>Capital expenditure</i>	<i>Rental income</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Ultimate Parent Company	-	27	-	-	-	-	-	-	-	-	-
Parent	2,968	-	-	-	-	-	-	-	21	-	-
Entities under common control	-	548	17,038	-	4,728	-	-	6,126@	-	7,273	89
Parent's associate	-	-	11,022	150	-	44,615#	3,941	-	-	-	426
Ultimate Parent Company's joint venture	-	57	926	-	-	-	-	-	-	-	-

Three-month period ended 31 March 2023 (Unaudited and unreviewed)

	<i>Liability for employees' end of service benefit transferred from</i>	<i>Sale of goods</i>	<i>Purchase of goods</i>	<i>Operation services fees income</i>	<i>Insurance costs</i>	<i>Stock transferred to</i>	<i>Recharge of selling, general and administrative expenses to</i>	<i>Selling, general and administrative expenses from</i>	<i>Purchase of property, plant and equipment</i>	<i>Capital expenditure</i>	<i>Rental income</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Ultimate Parent Company	-	26	-	-	-	-	-	-	-	-	-
Parent	-	-	-	-	-	-	-	668	-	-	-
Entities under common control	-	495	16,048	-	4,723	-	-	1,577@	-	6,599	75
Parent's associate	134	-	12,404	150	-	39,031#	3,999	-	-	-	156
Ultimate Parent's Company joint venture	-	43	710	-	-	-	-	-	-	-	-

#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 5,984 thousand during three-month period ended 31 March 2024 (three-month period ended 31 March 2023: AED 1,387 thousand) (Unaudited and unreviewed).

- Capital expenditure commitments amounting to AED 11,824 thousand as at 31 March 2024 (31 December 2023: AED 14,065 thousand) are included within capital expenditure commitments as disclosed in note 13.

- AED 2,500 thousand as at 31 March 2024 and 31 December 2023 relating to inventories held on behalf of a related party which have been subsequently billed and collected.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Details of significant related party transactions entered are as follows: (continued)

Compensation of key management personnel of the Group

The remuneration of directors and other members of key management during the period ended was as follows:

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Short term employee benefits	787	529
Employees' end of service benefits	195	145
Total compensation paid to key management personnel	982	674

(b) Related party balances:

Amounts due from related parties

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<i>Ultimate Parent Company</i>		
Albwardy Investment L.L.C.	22	-
<i>Parent</i>		
Al Seer Group (L.L.C.)	611	3,119
<i>Entities under common control</i>		
Al Seer Food Services LLC	327	110
Europacific LLC	37	58
Desert Palm L.L.C	4	3
<i>Ultimate Parent Company's associate</i>		
Albwardy Marine Engineering LLC	5	-
<i>Parent's associate</i>		
Spinneys (Abu Dhabi) L.L.C.	5,670	3,432
	6,676	6,722

Spinneys 1961 Holding PLC

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12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party balances: (continued)

Amounts due to related parties

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<i>Ultimate Parent Company</i>		
Albwardy Investment L.L.C.	-	5
<i>Entities under common control</i>		
Albwardy Engineering Enterprise	11,918	17,718
Fit Fresh LLC	4,335	4,722
Al Seer Trading Agencies LLC	4,135	3,964
Fine Fair Commercial Complex LLC	2,453	2,265
Arabian Oasis Food Co LLC	2,154	2,232
Al Seer Group LLC, Oman	133	145
Istana Furniture	12	44
Indian Pavilion Restaurant LLC	4	4
Technical Resources Establishment	3	27
Totale Cleaning Services	1	131
<i>Ultimate Parent Company's joint venture</i>		
Pacman Middle East LLC	902	853
National Industrial Services Co LLC	10	17
<i>Parent's associate</i>		
Nestle UAE L.L.C	3,927	3,521
Reckitt Benckiser Arabia Trading LLC	2,059	1,355
FerGulf Trading UAE L.L.C.	2,044	1,827
Zest Wellness Pharmacy LLC	245	-
	34,335	38,830

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

	<i>Three-month period ended 31 March</i>	
	<i>2024 AED'000 (Unaudited)</i>	<i>2023 AED'000 (Unaudited and unreviewed)</i>
Depreciation of right-of-use assets	9,816	13,603
Interest expense on lease liabilities (included in finance costs)	3,656	1,500
Lease payments	22,629	17,910
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Right-of use assets	239,993	249,809
Lease liabilities	238,589	257,536
Refundable security deposits	12,000	12,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Terms and conditions of transactions with related parties**

The terms of trade with related parties are based on terms and conditions agreed upon with them by the Directors.

Outstanding balances at the period/year-end arise in the normal course of business, are unsecured and interest free and settlement generally occurs in cash. For the period ended 31 March 2024 (Unaudited) and 31 December 2023 (Audited), the Group has not recorded any provision for expected credit losses relating to due from related parties.

13 GUARANTEES, CONTINGENCIES AND CAPITAL COMMITMENTS

At 31 March 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 9,763 thousand (31 December 2023 (Audited): 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 current quarter.

Capital expenditure commitments:

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Estimated capital expenditure contracted for at the reporting date but not provided for:		
Property, plant and equipment	<u>44,265</u>	<u>53,072</u>

14 FINANCIAL INSTRUMENTS

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

Financial assets consist of cash and short-term deposits, trade and other receivables, refundable security deposits to landlords 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 1,132 thousand as at 31 March 2024 (Unaudited) and in other receivables amounting to AED 3,011 thousand as at 31 December 2023 (Audited).

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

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

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.

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14 FINANCIAL INSTRUMENTS (continued)

At 31 March 2024 (Unaudited)

	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>Asset measured at fair value</i>				
Foreign exchange forward contracts	-	(1,132)	-	(1,132)

At 31 December 2023 (Audited)

	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>Asset measured at fair value</i>				
Foreign exchange forward contracts	-	3,011	-	3,011

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

15 EARNING PER SHARE

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

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 period 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 March 2024, there were no shares which were dilutive in nature.

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

	<i>Three-month period ended</i> <i>31 March</i>	
	<i>2024</i> <i>AED</i> <i>(Unaudited)</i>	<i>2023</i> <i>AED</i> <i>(Unaudited and</i> <i>unreviewed)</i>
Profit for the period attributable to equity holders of the parent	77,222,000	66,217,000
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)	0.021	0.018

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16 ENTITIES

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

<i>Entities</i>	<i>Country of incorporation</i>	<i>% of shareholding</i>		<i>Principal activities</i>
		<i>31 March 2024</i>	<i>31 December 2023</i>	
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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2024

17 SUBSEQUENT EVENTS

Subsequent to the period end, i.e. on 9 May 2024, the Company was admitted to be listed on the Dubai Financial Market (“DFM”).

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

18 COMPARATIVE INFORMATION

Following comparative figures have been reclassified to conform to the presentation adopted in these interim condensed 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 interim condensed 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”.