

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMAPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Saudi FAS Holding Company
(A Saudi Closed Joint Stock Company)**

Report on the audit of the consolidated financial statements:

Opinion:

We have audited the consolidated financial statements of **Saudi FAS Holding Company** (and its subsidiaries collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the for the year then ended, and accompanying notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS's), that are endorsed in Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISA's) that are endorsed in KSA. 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. We are independent of the Group in accordance with the professional code of ethics for Professional Accountants (including International Independence Standards), that are endorsed in KSA that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters:

We would like to draw attention to the following:

- Note number (1) to the consolidated financial statements, which sets out the change in the Group's fiscal year from March 31 to be December 31 of each year. Accordingly, the comparative figures presented in the consolidated financial statements of comprehensive income, changes in equity, and cash flows are not comparable as they are prepared for the period from April 1, 2022 to December 31, 2022.
- Note (11)(A)(ii) to the consolidated financial statement, which described that the Group has an investment in equity of Yanbu Land amounting to SR 68,259,597. The ownership of the investment is in the name of a related party who has waived off all related rights and obligations to the Group. The legal formalities relating to the ownership have not completed yet.
- Note (6)(ii) to the consolidated financial statements which describes that Lands amounting to SR 131,520,000 related to one of the Group subsidiaries hotels that have title deeds in name of the shareholders who have waived off their rights over this land. The legal procedures for transferring ownership of lands have not completed until the date of the report, since the land has been mortgaged against loan obtained by the Group.
- Note 12 (ii) and Note (21) to the consolidated financial statements, which describes suspension of development activities by authorities on a property owned by Alinma Dhahiat Al Riyadh Real Estate Fund, a subsidiary of the Group. The land, located within a government Mega project in Riyadh, remains under discussion with relevant authorities, with no resolution as of December 31, 2023. The purchase of the land related to property under development was partially funded through financing obtained from the Bank amounting to SR 1 billion and SR 600 million through units issued equivalent to 6,000 units. The title deed of the property is pledged against the financing and is accordingly registered in the name of "AlTanweer Real Estate Company" a subsidiary company of Alinma Bank.

Our opinion is not modified in respect of above matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of
Saudi FAS Holding Company**
(A Saudi Closed Joint Stock Company)

Report on the audit of the consolidated financial statements (Continued):

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS's, that are endorsed in KSA, and other standards and pronouncements issued by SOCPA, and Regulation for Companies and the Company's By-Laws 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.

Those charged with governance, 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 ISA's 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 ISA's that are endorsed in the Kingdom of Saudi Arabia, 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 was 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;
- 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 evidenced 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; and
- 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 purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of
Saudi FAS Holding Company**
(A Saudi Closed Joint Stock Company)

Report on Other Legal and Regulatory Requirements:

Article 20 of the Companies Law requires that the auditor to include in his report what might come to his attention with respect to non-compliance of the provisions of the Companies Law or the Company's By-Laws. During the course of our current audit of the consolidated financial statements, we have noted non-compliance of the Companies Law, having no material impact on the consolidated financial statements, which consists of the following:

- Failure to prepare and deposit the Group consolidated financial statements in accordance with the relevant provisions in the Companies Law.
- Failure to update Company's By-Laws in accordance with the relevant provisions in the Companies Law.
- The Group has a debit balance from shareholders with an amount of SR 71,792,277 (December 31, 2022: Nil) which is considered a case of non-compliance with of the provisions of companies' laws adopted in the Kingdom of Saudi Arabia.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader
(License No. 435)

Riyadh, Kingdom of Saudi Arabia

Sha'ban19, 1446 H (Corresponding to February 18, 2025)



SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
(SAUDI RIYAL)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	6	1,968,411,396	2,165,064,002
Investment properties	7	26,935,101,089	24,489,678,599
Right of use assets	8	774,620,201	1,195,672,771
Goodwill and other intangible assets	9	1,209,700,247	1,585,663,962
Equity accounted investments	10	142,492,722	129,476,073
Other investments	11	205,801,838	472,271,911
Accrued revenues	16	140,354,121	164,768,157
Derivative assets	22	-	42,171,235
Other non-current assets	14	19,781,960	24,818,172
Total non-current assets		31,396,263,574	30,269,584,882
Current assets			
Inventories	12	2,841,568,814	3,040,932,643
Trade receivables	13	424,309,329	456,002,267
Prepaid expenses and other current assets	14	543,570,751	555,806,235
Due from related parties	15	298,396,392	223,889,963
Other investments	11E	303,026,022	-
Accrued revenues – current portion	16	70,177,060	82,384,078
Cash and cash equivalents	17	460,295,146	875,867,614
Total current assets		4,941,343,514	5,234,882,800
Assets held-for-sale	36	519,905,359	405,880,057
TOTAL ASSETS		36,857,512,447	35,910,347,739
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	10,000,000	10,000,000
General reserves	19	3,000,000	3,000,000
Other reserves	20	(306,881,931)	(268,815,009)
Retained earnings		6,179,054,439	7,722,411,533
Total equity attributable to Parent Company		5,885,172,508	7,466,596,524
Non - controlling interests	35	4,068,398,992	3,295,802,289
TOTAL EQUITY		9,953,571,500	10,762,398,813
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	10,851,671,408	13,304,212,774
Lease liabilities	8	3,085,753,453	3,117,548,855
Employees' defined benefits obligations	23	144,326,536	139,769,667
Derivative liability	22	31,600,110	-
Deferred tax liability	27	15,236,515	13,419,580
Other non-current liabilities	24	43,358,579	67,392,514
Total non - current liabilities		14,171,946,601	16,642,343,390
Current liabilities			
Lease liabilities- current portion	8	908,054,086	757,195,906
Loans and borrowings - current portion	21	7,070,379,788	4,597,078,229
Due to related parties	15	1,345,310,659	574,742,041
Unearned revenues	25	303,846,976	239,579,529
Trade payables		1,019,995,598	917,482,068
Accrued expenses and other current liabilities	26	1,571,547,286	1,226,644,589
Zakat and tax liabilities	27	244,663,075	192,883,174
Total current liabilities		12,463,797,468	8,505,605,536
Liabilities held for sale	36	268,196,878	-
TOTAL LIABILITIES		26,903,940,947	25,147,948,926
TOTAL EQUITY AND LIABILITIES		36,857,512,447	35,910,347,739

The accompanying notes form an integral part of these consolidated financial statements

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	Notes	2023	For the period from April 1, 2022 to December 31, 2022
<u>Continuing operations:</u>			
Revenues	28	7,851,261,905	6,187,200,138
Cost of revenues	29	(5,058,633,868)	(3,842,990,406)
Gross profit		2,792,628,037	2,344,209,732
General and administrative expenses	30	(1,016,911,733)	(572,862,314)
Selling and marketing expenses	31	(245,554,696)	(197,849,185)
Depreciation of property and equipment	6	(188,110,705)	(137,706,145)
Depreciation of right of use assets	7,8	(137,041,337)	(142,383,733)
Amortization of intangible assets	9	(35,178,287)	(26,480,551)
Impairment loss on goodwill	9	(370,000,000)	-
Expected credit loss on trade receivables	13	(191,266,674)	(84,849,031)
Operating profit		608,564,605	1,182,078,773
Share in results of equity-accounted investments	10	(196,490)	(3,308,946)
Finance cost on loans and borrowings	32	(1,045,081,959)	(502,796,570)
Finance cost on lease liabilities	8	(156,099,774)	(145,910,742)
Finance income over derivatives	22	23,915,483	5,510,360
Changes in fair value of other investments	11	(26,359,805)	4,076,350
Net fair value gain on investment properties	7	557,302,038	60,964,677
Other income	33	63,066,810	42,972,392
Profit for the year / period before zakat and tax		25,110,908	643,586,294
Zakat and tax	27	(112,370,216)	(80,369,733)
(Loss) / profit for the year / period from continuing operations		(87,259,308)	563,216,561
<u>Discontinued operations:</u>			
Loss from discontinued operations and assets held for sale	36	(54,550,716)	(33,420,545)
(Loss) / profit for the year / period		(141,810,024)	529,796,016
(Loss) / profit for the year / period attributable to:			
Equity holders of the Parent company		(138,456,664)	304,748,761
Non-controlling interests		(3,353,360)	225,047,255
		(141,810,024)	529,796,016
<u>Other comprehensive income items:</u>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of employee's defined benefits obligations	23	(3,483,304)	4,757,066
		(3,483,304)	4,757,066
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Cash flow hedge reclassified to profit or loss	22	(7,124,755)	1,962,835
Movement of equity investments at FVOCI – net change in fair value	11	(14,959,644)	48,292,710
Cumulative foreign currency translation losses		(31,497,834)	(1,000,017)
		(53,582,233)	49,255,528
Total other comprehensive (loss) / income for the year / period		(57,065,537)	54,012,594
Total comprehensive (loss) / income for the year / period		(198,875,561)	583,808,610
Total comprehensive (loss) / income for the year / period attributable to:			
Equity holders of the Parent company		(176,523,586)	350,920,792
Non-controlling interests		(22,351,975)	232,887,818
		(198,875,561)	583,808,610

The accompanying notes form an integral part of these consolidated financial statements

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMAPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	Share capital	General reserves	Other reserves	Retained earnings	Total equity attributable to the equity holder of the Parent	Non-controlling interest	Total equity
<u>For the period from April 1, 2022 to December 31, 2022</u>							
Balance as of April 1, 2022	10,000,000	5,000,000	(389,316,088)	9,507,535,129	9,133,219,041	3,063,343,984	12,196,563,025
Profit for the period	-	-	-	304,748,761	304,748,761	225,047,255	529,796,016
Other comprehensive income for the period	-	-	46,172,031	-	46,172,031	7,840,563	54,012,594
Total comprehensive income for the period	-	-	46,172,031	304,748,761	350,920,792	232,887,818	583,808,610
Transfer of foreign currency translation reserves to retained earnings on disposal of investments at FVOCI	-	-	129,941,316	(129,941,316)	-	-	-
Transfer of fair value reserves to retained earnings on disposal of investments at FVOCI	-	-	(55,612,268)	55,612,268	-	-	-
Changes in non-controlling interests	-	-	-	-	-	81,209,142	81,209,142
Transfer from statutory reserves to retained earnings	-	(2,000,000)	-	2,000,000	-	-	-
Dividends (Note 40)	-	-	-	(2,017,543,309)	(2,017,543,309)	(81,638,655)	(2,099,181,964)
Balance as of December 31, 2022	10,000,000	3,000,000	(268,815,009)	7,722,411,533	7,466,596,524	3,295,802,289	10,762,398,813
<u>For the year ended December 31, 2023</u>							
Balance as of January 1, 2023	10,000,000	3,000,000	(268,815,009)	7,722,411,533	7,466,596,524	3,295,802,289	10,762,398,813
Loss for the year	-	-	-	(138,456,664)	(138,456,664)	(3,353,360)	(141,810,024)
Other comprehensive loss for the year	-	-	(38,066,922)	-	(38,066,922)	(18,998,615)	(57,065,537)
Total comprehensive loss for the year	-	-	(38,066,922)	(138,456,664)	(176,523,586)	(22,351,975)	(198,875,561)
Changes in non-controlling interests	-	-	-	-	-	1,076,791,185	1,076,791,185
Dividends (Note 40)	-	-	-	(1,404,900,430)	(1,404,900,430)	(281,842,507)	(1,686,742,937)
Balance as of December 31, 2023	10,000,000	3,000,000	(306,881,931)	6,179,054,439	5,885,172,508	4,068,398,992	9,953,571,500

The accompanying notes form an integral part of these consolidated financial statements

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	2023	For the period from April 1, 2022 to December 31, 2022
OPERATING ACTIVITIES:		
(Loss) / profit for the period/ year	(141,810,024)	529,796,016
Adjustments:		
Depreciation and impairment of property and equipment	188,110,705	137,706,145
Depreciation of property and equipment of discontinued operations	1,310,477	7,506,856
Depreciation of property and equipment held for sale	8,589,453	-
Depreciation of right of use in investment property	-	5,550,331
Net fair value gain on investment properties	(557,302,038)	(60,964,677)
Depreciation of right of use assets	137,041,337	136,833,402
Depreciation of right of use assets discontinued operations	62,082,294	58,313,773
Amortization of intangible assets	35,178,287	26,480,551
Amortization of intangible assets discontinued operations	331,818	89,716
Zakat and income tax	112,370,216	80,369,733
Adjustments in zakat	-	(28,941,676)
Current service cost for employees' defined benefits obligations	31,586,951	21,715,359
Finance cost over loans and borrowings	1,003,501,043	477,020,572
Finance cost related to employees' defined benefits obligations	6,539,927	3,626,935
Rental concession for leases	(8,812,430)	(26,254,275)
Gain on lease termination	(17,914,728)	(5,003,665)
Losses on lease reassessment	14,711,849	34,863,300
Finance cost related to lease liability	156,099,774	145,910,742
Finance cost related to lease liability discontinued operations	11,611,254	7,586,659
Gain on transfer of lease liability and right if use to disposal group	(1,628,221)	-
(Gain) / loss on disposal of investment property	(238,668,127)	20,164,130
Share in results of associates	196,490	3,308,946
Gain on disposal of other investments	(58,097,634)	-
Gain from liquidation of right of use and lease liability	(14,780,686)	-
Amortization of transaction costs including write off	32,801,611	24,519,228
Gain on disposal of other investment	-	(180,000)
Write off of property and equipment's	196,587,234	14,232,653
Write off goodwill	370,000,000	9,800,000
Impairment/ write off on other intangible assets	16,473,466	-
Fair value loss / (gain) on investment at FVTPL	26,359,805	(4,076,350)
Finance income over derivatives	(23,915,483)	(5,510,360)
Provision charged on inventories	111,436,113	21,732,326
Expected credit loss on trade receivables	191,266,674	84,849,031
Changes in working capital:		
Inventories	87,927,716	265,764,189
Trade receivable	(159,573,736)	(240,669,648)
Prepaid expenses and other current assets	27,397,260	(72,679,857)
Due from / to related parties	(610,710,319)	(27,973,477)
Unearned revenue	64,267,447	(38,077,635)
Trade payables	102,513,530	(61,157,270)
Assets held for sale	(519,905,359)	(405,880,057)
Derivative asset/ liability	73,771,345	-
Liabilities held for sale	268,196,878	-
Accrued expenses and other current liabilities	489,461,442	(130,168,325)
Accrued revenues	36,621,054	70,358,957
Cash generated from operating activities	1,511,224,665	1,080,562,278
Zakat and income tax paid	(55,985,844)	(38,848,752)
Employees' defined benefits obligation paid	(27,847,482)	(18,061,998)
Net cash flows from operating activities	1,427,391,339	1,023,651,528
INVESTING ACTIVITIES:		
Purchase of property and equipment	(261,589,075)	(255,154,807)
Addition in intangible assets	(31,677,624)	(67,674,276)
Additions to investment properties, net	(1,272,107,837)	(339,049,328)

The accompanying notes form an integral part of these consolidated financial statements

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	2023	For the period from April 1, 2022 to December 31, 2022
<u>INVESTING ACTIVITIES (CONTINUED):</u>		
Additions in equity accounted investments	(8,398,410)	(127,340,539)
Additions of investment through FVTPL	-	(4,190,498)
Proceeds from disposal of investment through FVTPL	201,677,838	6,000,000
Proceeds from disposal of pledge term deposits	4,190,498	-
Additions in other investments	(322,274,093)	-
Proceeds from investment at FVOCI	59,999,999	-
Additions of investment at FVOCI	-	(7,759,965)
Disposal of investment properties	644,548,184	247,147,870
Disposal of other intangible assets	1,790,234	5,573,783
Net cash flows used in investing activities	(983,840,286)	(542,447,760)
<u>FINANCING ACTIVITIES:</u>		
Proceed of loans and borrowings	1,124,500,386	816,767,768
Payment of long-term borrowings, net of transaction cost	(1,356,704,725)	(391,282,349)
Finance cost paid	(942,200,574)	(327,511,227)
Transaction cost paid during the year net of deferred sukuk premium	(17,777,524)	(10,603,968)
Dividend paid	(281,842,507)	(81,638,655)
Changes in non-controlling interests	1,076,791,185	81,209,142
Lease liabilities paid	(449,719,460)	(487,177,199)
Net cash flows used in financing activities	(846,953,219)	(400,236,488)
Net changes in cash and cash equivalents during the year / period	(403,402,166)	80,967,280
Foreign currency exchange translation differences	(12,170,302)	54,165,249
Cash and cash equivalents as at the beginning of the year / period	875,867,614	740,735,085
Cash and cash equivalents as at the end of the year / period	460,295,146	875,867,614
<u>Non-cash transactions:</u>		
Dividends settled through shareholders account	1,404,900,430	2,017,543,309
Additions in lease liability against investment properties	534,208,206	-
Accrued finance cost rescheduled to a loan	229,893,149	-
Transfer from lease liability to disposal group classified as held for sale LL	189,845,840	-
Transfer from right of use to disposal group classified as held for sale	188,217,619	-
Reassessment of lease liability	116,117,997	247,230,014
Reassessment of lease liability in investment property	81,804,409	479,055,119
Termination of lease liability	78,539,629	108,002,466
Termination of right of use assets	60,624,901	102,998,809
Transfer of property and equipment on subsidiary disposal	56,935,760	28,072,452
Property and equipment transfer to related parties	55,457,284	154,528,152
Capitalized finance cost over lease liabilities for project under construction	48,830,462	25,865,912
Additions of Right of use and lease liabilities	41,272,661	123,419,267
Liquidation of subsidiaries impact on lease liability	39,040,932	-
Liquidation of subsidiaries impact on right of use	24,260,245	-
Transfer of intangible assets	22,037,250	-
Reassessment of right of use assets	19,601,739	196,961,805
Transfer to advances, deposits and other receivables from other investments	10,125,564	-
Capitalized arrangement fees for project under construction	8,047,296	4,055,972
Transfer to equity accounted investee's from other investments	7,759,965	-
Transfer Defined Obligation Benefits to disposal group classified as held for sale	7,235,890	-
Transfer of associates to shareholders at cost	2,945,236	-
Transfer of Defined Obligation Benefits to related parties	1,969,941	-
Transfer of intangible assets to disposal group classified as held for sale	1,053,016	-
Transfer of investment at FVOCI to shareholders	-	857,328,116
Transfer of lease liability on subsidiary disposal	-	624,127,293
Disposal of subsidiary impact on Investment property	-	557,480,304
Transfer of right of use on subsidiary disposal	-	62,364,059
Zakat transferred to related party	-	9,591,684
Defined benefits obligations transferred with disposal of subsidiary	-	3,098,551

The accompanying notes form an integral part of these consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1- GROUP INFORMATION

Saudi FAS Holding Company (the "Company" or the "Parent Company") is a Saudi Closed Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010209391 dated Rabi Thani 13, 1426H (corresponding to May 21, 2005). The registered office of the Company is located at Ulisha District, building number 7930, Riyadh 12742, KSA.

The Company's objectives are to invest in other companies through holding a controlling position, trading in wholesale and retail of ready-made cloth, tents, shoes for men, women and children, textiles, perfumes, natural cosmetics, traditional jewelry, medical equipment, ornaments, import and export services for others, operate and maintenance for commercial and residential buildings, purchasing, investing in and developing lands and construction of buildings and roads, generating electric power, building hotels, residential units, furnished apartments, tourist centers and maintenance, management and operation of commercial, residential and entertainment centers.

Change in financial year end:

During the prior period, the financial year of all Group Companies was changed from March 31 to December 31. Accordingly, the comparative periods amounts of the Group presented in consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the respective notes to the consolidated financial statements are for the period of nine months starting from April 1, 2022 to December 31, 2022, with the current amounts for the year of twelve months starting from January 1, 2023 to December 31, 2022, hence the above mentioned statements presented are not comparable.

The accompanying consolidated financial statements include the accounts of Saudi FAS Holding Company (the "Company") and its subsidiaries (collectively, the "Group") in which they own more than 50% of the equity or have control over those subsidiaries and for the purposes of preparing these consolidated financial statements, all balances and significant related operations between the Group and these subsidiaries have been excluded and settled. The consolidated financial statements include the following subsidiaries:

Name of subsidiaries	Business activities	Notes	Country of incorporation	Direct and indirect ownership% (*)	
				2023	2022
	Holding investment				
FAS Real Estate Company and its subsidiaries	in real estate companies	A	KSA	100%	100%
Fawaz Abdulaziz Al Hokair & Company and its subsidiaries	Retail fashion garments	B	KSA	57.33%	68.52%
SAAF International Company Limited	Construction and leasing		KSA	100%	100%
Saudi Geant Company Limited	Wholesale trading and retail		KSA	100%	100%
Al Farida Real Estate Company Limited	Wholesale trading and retail		KSA	100%	100%
FAS Development Company Limited (Previously My Home Company Limited)	Construction and leasing		KSA	100%	100%
Alinma Dhahiat Al Riyadh Real Estate Fund	Real estate investment fund	C	KSA	100%	100%
FAS Labs Holding Company and its subsidiaries	Holding investment Company	D	KSA	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

1- GROUP INFORMATION (CONTINUED)

A. FAS Real Estate Company owns the following subsidiaries as of December 31, 2023 and December 31, 2022:

Name of subsidiaries	Business activities	Notes	Country of incorporation	Direct and indirect ownership% (*)	
				2023	2022
Arabian Centers Company and its subsidiaries	Construction and operation of malls	(i)	KSA	69.65%	77.53%
FAS Hospitality Company Limited and its subsidiaries	Construction and operation of hotels		KSA	100%	100%
Riyadh Hotels Company	Construction and operation of hotels		KSA	100%	100%
FAS Energy Trading Company and its subsidiaries	Investment in energy sector		KSA	100%	100%

- (i) During the year, FAS Real Estate Company sold 20.6 million shares out of their shareholding in Arabian Centers Company for consideration of SR 401.8 million. Also, during the year, shareholders and other Companies owned by shareholders, which have assigned their shares to the Group, sold further 16.8 million shares for consideration amounting to SR 338.2 million which resulted in reduction of ownership percentages from 77.53% to 69.65%.

During the period from April 1, 2022 to December 31, 2022, SAAF International Company Limited sold 2.2 million shares out of their shareholding in Arabian Centers Company for consideration of SR 45.4 million. Also, during the period from April 1, 2022 to December 31, 2022, other Companies owned by shareholders, which have assigned their shares to the Group, sold further 1.8 million shares for consideration amounting to SR 39.3 million which resulted in reduction of ownership percentages from 78.38% to 77.53%.

B. Fawaz Abdulaziz Al Hokair & Company owns the following subsidiaries as of December 31, 2023 and December 31, 2022:

Name of subsidiaries	Business activities	Notes	Country of incorporation	Direct and indirect ownership% (*)	
				2023	2022
Al Waheedah Equipment Co. Ltd. and its subsidiaries	Wholesale trading and retail	(i)	KSA	100%	100%
Haifa B. Al Kalam & Partners Co. for Trading and its subsidiaries	Wholesale trading and retail	(ii)	KSA	100%	100%
Saudi Retail Co. Ltd.	Wholesale trading and retail		KSA	100%	100%
Wahba Trading Company Limited and its subsidiaries	Wholesale trading and retail	(iii)	KSA	100%	100%
Retail Group Kazakhstan	Wholesale trading and retail	(iv)	Kazakhstan	100%	100%
Nesk Trading Projects Company	Wholesale trading and retail		KSA	100%	100%
Retail Group Egypt	Wholesale trading and retail		Egypt	98%	98%
Retail Group Jordan and its subsidiary	Wholesale trading and retail	(v)	Jordan	100%	100%
Innovative Union Company (IUC) and its subsidiaries	Food and beverage	(vi)	KSA	100%	100%

- (i) Al Waheedah Equipment Co. directly and indirectly owns certain dormant subsidiaries in United Arab Emirates ("UAE").
- (ii) Haifa B. Al Kalam & Partners Co. for Trading directly and indirectly owns certain active subsidiaries in Georgia, Armenia, United States of America, Morocco and Balkan countries, and dormant subsidiaries in UAE and British Virgin Islands.
- (iii) Wahba Trading Company Limited directly and indirectly owns certain dormant subsidiaries in KSA and UAE.
- (iv) Retail Group Kazakhstan represents three entities namely Retail Management Kazakhstan, Fashion Retail Kazakhstan and Global Apparel Kazakhstan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

1- GROUP INFORMATION (CONTINUED)

- (v) During the year ended March 31, 2016, Fawaz Abdulaziz Al-Hokair & Co. established a Group in Republic of Iraq through Retail Group Jordan.
- (vi) Innovative Union Company Limited directly and indirectly owns certain active subsidiaries in KSA.
- C. During the period from April 1, 2021 to March 31, 2022, the Group invested in a newly established private real estate fund named Alinma Dhahiat Al Riyadh Real Estate Fund. The Group signed an agreement with Alinma Investment Company to manage the fund. The units were subscribed by transfer of a parcel of land to the fund with a carrying value of SR 897.5 Million.
- D. During the period from April 1, 2022 to March 31, 2022, the Group invested in FAS LAB company on May 3, 2021 with investment amount of SR 153 million.

(*) Indirect holdings are owned by the Group shareholders and related parties who have assigned their shares in these investments for the benefit of the Group.

2- BASIS OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

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

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the new Companies Law and will amend its By-Laws for any changes to align the By-Laws to the provisions of the Law.

2-2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except when required by the IFRS using another measurement basis, as indicated in the in (Note 4) of material accounting policies information. In addition, these consolidated financial statements are prepared using the accrual basis of accounting and the going concern concept.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal, unless otherwise indicated. Saudi Riyal is the main functional and presentation currency of the Group.

2-4 Going concern

As of the period end, the current liabilities exceeded the current assets of the Group by SR 7.52 (December 31, 2022: 3.27 billion).

However, management has prepared an assessment which covers at least 24 months from the reporting date and believes that sufficient cash flows will be generated via group subsidiaries. Moreover, shareholders have decided as per resolution dated Jumada al-Thani 7, 1444 AH (Corresponding to December 31, 2023), to continue the Group's operations, support and finance and pay its obligations when falls due. Accordingly, these consolidated financial statements have been prepared in accordance with the going concern principle.

2-5 Basis of consolidation for financial statements

The consolidated financial statements include the financial statements of the group, the entities controlled by the group and its subsidiaries as mentioned in (Note 1) for the year ended December 31, 2023.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. The process of consolidating the financial statements of a subsidiary begins when the Group gains control of the subsidiary and ceases when the Group loses its power. To control the subsidiary. In particular, the income and expenses of a subsidiary acquired during the year are included in the consolidated statements from the date the Group obtains control until the date that the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

2- BASIS OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-5 Basis of consolidation for financial statements (Continued)

Control is achieved when the group has:

- The ability to control the investee;
- Is exposed to, or has rights to, volatile returns from its involvement with the investee business and the investee Group; and the
- Has the ability to use its control to influence investment returns.

In general, there is an assumption that the majority of voting rights lead to control. To support this presumption, 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 when ascertaining whether it exercises control over an investee, and this includes:

- Contractual arrangements with other voting rights holders of the investee Group.
- Rights arising from other contractual arrangements.
- The potential voting rights held by the Group and other voting rights holders or third parties.

The consolidated statement of comprehensive income and each component of other comprehensive income attributable to the owners of the Group's and to the non-controlling interests. 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 arising from intra-group transactions are eliminated in full on consolidation of the financial statements. Any change in ownership interests in the subsidiary, without loss of control, is treated as an equity transaction.

2-6 Business combination and goodwill

The acquisition accounting method is used to calculate the acquisition of subsidiaries. Acquisition cost is measured at the fair value of the asset granted or liabilities incurred or assumed at the acquisition date, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed is recognized as goodwill.

Goodwill is tested annually for impairment and carried at cost less impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assumed financial assets and liabilities for appropriate classification and allocation in accordance with the contractual terms, economic conditions and relevant terms as at the acquisition date. This includes separating the derivatives embedded in the original contracts through the acquisition process. Any contingent consideration transferred by the purchaser is recognized at its acquisition date fair value. All contingent consideration (except that is classified as equity) is measured at fair value by changes in fair value in profit or loss. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity. Goodwill is initially measured as the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired and liabilities incurred. If the fair value of the net assets acquired is in excess of the total consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an increase in the fair value of the net assets acquired over the total consideration transferred, the gain is recognized in the consolidated statement of comprehensive income as transaction acquisition gain. 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 allocated, from the acquisition date, to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, regardless of whether other assets or purchase commitments are made, assigned to those units. When goodwill is 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

3- ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has used judgments, estimates and assumptions that affect the application of the Group's summary of significant accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in subsequent years affected by the revision.

Uncertain assumptions and estimates

The following are key assumptions regarding the future and other key sources of uncertainties estimated at the date of the preparing the consolidated financial statements that may have a significant risk of a material adjustment to the carrying amounts of assets and liabilities during the next financial year. The Group made assumptions and estimates based on the indicators available at the date of preparing the consolidated financial statements. However, existing conditions and assumptions relating to future may change due to changes in the market or circumstances outside the control of the Group.

Going concern

The Group's management has assessed its ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is 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 have been prepared on the going concern basis.

Impairment reviews of non-financial assets

Assets with indefinite useful lives are tested for impairment at least annually, while assets with finite useful lives, are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring amongst other matters an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in earnings before commission, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

Uncertain zakat and tax positions

The zakat and tax payable relate to the management's assessment of the amount of zakat and tax due on the open zakat and tax assessments as the Group still has to agree with the Zakat, Tax and Customs Authority on the amounts of the final obligations. Due to uncertainty associated with these zakat and tax clauses, it is possible that the final result will differ significantly when the final assessment is issued by the Zakat, Tax and Customs Authority in future periods.

Discount rate used to determine the carrying amount of the employees' defined benefit obligations

The determination of the employees' defined benefit obligations depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's consolidated financial statements within the next year.

Measurement of the fair value of financial instruments

When fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

3- ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Uncertain assumptions and estimates (Continued)

Determining the lease term for contracts with renewal and termination option - the Group as a lessee

The Group determines the lease term as the non-cancellable term of the contract, with any periods that include the option to extend the contract whether the Group is certain to exercise the option to extend, or any periods that include the option to terminate the lease if the Group is certain that it will not exercise the option to terminate the contract reasonably.

The Group has several lease contracts that include extension and termination options. The Group applies judgments in assessing whether or not there is reasonable certainty to exercise the option to renew or terminate the lease. Thus, it considers all the relevant factors that create an economic incentive to exercise either the option of renewal or termination. After the commencement date, the Group reassesses the lease term and whether there is a material event or change in circumstances within its control that affects its ability to exercise (or not to exercise) a renewal or termination option (such as creating material improvements to leasehold properties or a material allocation of the leased asset).

Interest rate used to determine the carrying amount of the lease liabilities

The determination of the lease liabilities depends on certain assumptions, which include selection of the interest rate. The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's consolidated financial statements within the next year.

Calculation of expected credit loss allowance on trade receivables and other financial assets

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provision for slow moving inventory and shrinkage

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

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

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

Fair value measurement of investment properties

Previously, the Group measured investment properties (including investment properties held under lease), subsequent to initial recognition at cost less accumulated depreciation and any impairment in value. Land and projects under construction were not depreciated. Due to change in accounting policy, investment property (including investment properties held under lease) will be measured at fair value with any change therein recognized in profit or loss. In the case of property under construction, where the fair value is not reliably measurable, it is measured at cost less any impairment until either its fair value becomes reliably measurable or construction is substantially completed (whichever is earlier).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION

The following is a summary of material accounting policies information applied by Group in preparing these consolidated financial statements:

Current / Non-current assets and liabilities Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the date of consolidated financial position; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of consolidated financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the date of consolidated financial position; or
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period of the consolidated statement of financial position.

All other liabilities are classified as non-current.

Fair value measurement

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

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

The Group must be accessible to use/ reach to principal or the most advantageous market.

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 considers a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value 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 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Lands are not depreciated. Such cost includes the cost of replacing parts of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment in years as follows:

Category	Useful life (in years)
Buildings	40 – 50
Leasehold improvements	5 – 15 (Shorter of economic life or lease term)
Tools and equipment	4 – 15
Furniture and fixtures	4 – 15
Motor vehicles	4 – 6

An item of property and equipment is derecognized 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 recognized in consolidated statement of comprehensive income when the asset is derecognized. The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if required.

Project under construction

Assets that are still in the construction or development stage are capitalized in the capital work under construction account. An asset under construction or development is transferred to the appropriate category of property, plant and equipment when the asset is in the location and / or condition necessary to make it capable of operating as intended by management. The cost of projects under progress item consists of the purchase price, construction / development costs and any costs directly attributable to the construction of the asset or its acquisition by management.

The costs associated with the trial run of the asset (before it is ready for use) are capitalized net of proceeds from the sale of any production during the trial run period. Finance costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until the start of commercial production. capital work under construction are measured at cost less any impairment recognized. Capital work under construction are not depreciated. Depreciation begins when the assets are capable of economically operating as intended by management after they have been transferred to the appropriate class of assets.

Investment properties

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business or for administrative functions. Investment property comprises freehold land and buildings on freehold land.

Investment properties are measured initially at cost, including transaction costs and where applicable borrowing costs. Transaction costs include transfer charges and professional fees for legal services to bring the properties to the condition necessary for it to be capable of operating.

During the period ended December 31, 2022, the Group has adopted the fair value model for subsequent measurement of its investment properties under IAS 40 as this reflects more relevant information considering the variability and changes in the underlying value of investment properties, represented by land. As required under IAS 8, the change in accounting policy has been applied retrospectively.

After initial recognition, investment properties are carried at fair value. The fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the consolidated financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is reassessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Investment properties (Continued)

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income in the period of de-recognition.

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Intangible assets

Intangible assets acquired separately are measured at initial recognition at cost. It represents the cost of intangible assets acquired in a business combination at their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally developed intangible assets are not capitalized, except development costs, are capitalized and expenses are charged to a consolidated statement of comprehensive income for the year in which they are incurred. The useful lives for intangible assets are classified as "finite" or "infinite". For intangible assets with a finite useful life, they are amortized over the period of their economic useful life. Impairment in value is assessed when there is an indication of the probability of impairment in the value. The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or expected manner in order to take advantage of the future economic benefits implicit in the asset by changing the period or amortization method, when necessary and is treated as changes in accounting estimates. Intangible assets with finite useful life are recognized in the consolidated statement of comprehensive income in the expense category in line with the function of those intangible assets. For intangible assets with an indefinite useful life, they are not amortized, but they are tested for impairment in value annually either individually or cash-generating unit (CGU) level. The assessment of the indefinite useful life is reviewed annually to determine whether the use of an indefinite useful life is still justified. In the case of the not continuing these justifications, the estimate of the useful life is changed to a finite useful life on a prospective basis.

Amortisation is calculated from the date the intangible assets are available for intended use. It is calculated on a straight-line basis over the estimated useful lives of the assets in years as follows:

Asset category	Useful life (in years)
Computer software	4 – 25
Key money	15
Deferred charges	15
Right of use concession arrangements - Solar plant	25
Trademarks Vogacloset	8
Trademarks	Indefinite
Web development cost	8
Customer related assets	4

Intangible assets with indefinite useful lives, including trademarks, are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognized 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 gain or loss arising upon 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 profit or loss.

In relation to right of use concession arrangements, the Group recognizes an intangible asset when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses. The estimated useful life of an intangible assets in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure the end of the concession period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the recognized identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Equity accounted investment

Equity accounted investment includes investment in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associates accounted for using the equity method, initially recognized at cost, which includes transactions cost. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Inventories

Inventories include merchandise and properties for development and sale

Merchandise

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

Properties for Development and sale

Properties for development and sale are properties that are being developed with a view to sell. The Group's properties for development arise when Group purchase properties with an intention to sale or when there is a change in use of investment properties evidenced by the commencement of development with a view to sale. The investment properties are reclassified as properties for development at their carrying amount at the date of their reclassification. They are subsequently carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

All properties for development are initially measured at acquisition cost and subsequently measured and accounted for lower of cost and net realizable value. This principally consists of projects under progress and land parcels for development in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost comprises all directly attributable cost including land cost, direct material cost, direct labor costs borrowing costs and those overheads that have been incurred in bringing the properties for development to their present location and condition. Cost is calculated using the average method. Impairment is tested incurred in bringing the properties for development to their present location and condition. Cost is compared with net realizable value, which represents the estimated selling price less all estimated costs completion and selling costs to be incurred.

Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial measurement, in accordance with IFRS 9 Financial Instruments, these financial assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Amortized cost is calculated by taking into consideration any discount or premium on acquisition, fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortization is included in the consolidated statement of comprehensive income. The losses arising from impairment are included in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Impairment of non- financial assets

The Group assesses at the date of preparing the consolidated financial statements whether there is an indication that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, which is higher. It is specified for a single asset unless the asset generates cash flows that are not significant independent of the flows generated by other assets or Group of assets and the carrying amount of an asset or cash-generating unit exceeds (CGU) its recoverable amount, the value of the asset must be decreased to its recoverable amount.

In determining value in use, the future cash flows deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset.

In determining fair value less costs to sell, new market transactions are considered, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.

In calculating impairment, the Group relies on detailed budgets and discretionary accounts that are prepared consolidatedly for each cash-generating unit (CGU) of the Group to which the individual assets are allocated. These detailed budgets and discretionary accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the consolidated statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments including interest rate swaps are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognised in the consolidated statement of comprehensive income as incurred. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

Subsequent to initial recognition, any change in fair value is recognized on the basis of hedge accounting in the consolidated statement of comprehensive income.

The Group designates its derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Group applies hedge accounting for transactions that meet specific criteria.

Prepaid expenses and other current assets

Prepaid expenses and other current assets are recognized with the amounts paid to the service providers against services that will be received in the future, or amounts paid to external parties and will be refunded in the future.

Transactions with related parties

Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions related to related party transactions are approved by management.

Accrued revenues

Accrued revenues is the Group's right to consideration for services rendered to a customer. If the Group transfers the goods or services to the customer before he pays the consideration or before the payment is due, the original contract is recognized against the earned part of the consideration that is still conditional.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consist of cash at banks, cash in hand and cheques under collection.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognized in consolidated statement of comprehensive income.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, less attributable transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs

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

Employees' defined benefits obligations

The employees defined benefits obligations were measured using the projected unit credit method. Remeasurement, which consists of actuarial gains and losses, is recognized immediately in the consolidated statement of financial position and in retained earnings through other comprehensive income in the period in which it occurs. Remeasurement is not reclassified to the consolidated statement of comprehensive income in subsequent periods.

End of service payments are based primarily on employees' final salaries, allowances and cumulative years of service, as described in the Saudi Arabian Labor Law.

Deferred taxes

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets 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 assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets are 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 utilized.

Account payables

These amounts represent liabilities related to goods and services provided to the Group before the end of the financial year that have not been paid, and are considered unsecured. Account payables are presented as current liabilities unless payment is not due within 12 months after the consolidated statement of financial position date, and are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are obligations to pay for goods or services that have been received or provided, whether submitting bills or formally agreed upon with the supplier or not.

Unearned revenues

Unearned revenues are obligations to transfer goods or services to a customer in exchange for consideration received (or consideration due) from the customer. If the customer pays the consideration or the company has an unconditional right to an amount of consideration before the Group transfers the goods or service to the customer, the Group shall record the consideration as unearned revenue when the payment is made or when the payment is due, whichever comes first. Unearned revenue is recognized as revenue when the Group fulfills its obligations under the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Leases

The determination of whether an agreement constitutes or contains a lease depends on the substance of the agreement at its inception date. The agreement represents or includes a lease if its fulfillment depends on the use of a specific asset or assets, or that the agreement grants the right to use a specific asset or assets even if this right is not expressly stated in the contract.

Group as a lessee

The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Group. Each lease payment is allocated between the obligation and the financing cost.

The finance cost is recognized in the consolidated statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the useful life of the asset and the lease term, whichever is shorter, and on a straight-line basis.

Right-of-use assets are initially measured at cost and consist of the following:

- The initial measurement amount of the lease obligation,
- Any lease payments made on or before the lease commencement date minus any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable.

Lease liabilities contracts

On the inception date of the lease, the Group records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

The lease payments include the price to exercise the purchase option when there is reasonable certainty that the Group will exercise it and payments for penalties for canceling the lease if the terms of the lease provide for the Group to exercise the option to cancel. For variable lease payments that are not dependent on an index or rate, they are recorded as an expense in the period in which the payment is made.

Lease payments are discounted using the interest rate included in the lease or the Group increased borrowing rate.

Short-term leases and impaired lease contracts

Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Group capitalization limits and are not material to the Group consolidated statement of financial position as a whole. Payments for short-term lease contracts and lease contracts with low value assets are recognized on a straight-line basis in the consolidated statement of comprehensive income.

Financial instruments

Financial instrument is a contract creates financial assets for one entity and financial liabilities and equity for another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through comprehensive income, or at fair value through profit or loss.

All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

Subsequent measurement

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

Financial assets at amortized cost

After initial measurement, those financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Gains or losses are recognized in the consolidated statement of comprehensive income when the asset is disposed of, or modifications are made, or impairment on value. Financial assets at amortized cost in the Group consist of cash and cash equivalents, accrued revenues, trade receivables, due from related parties and current and non-current assets.

Financial assets at fair value through other comprehensive income

Gains and losses arising from investments in equity instruments carried at fair value through other comprehensive income are not reclassified to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right to receive is initiated, unless these collections represent return part of the cost of the financial asset, in such case, these distributions are stated in other comprehensive income. There is no impairment test for equity instruments at fair value through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets held within a different business model other than "hold for collection" or "hold for collection and sale" and financial assets which contractual cash flows are not limited to principal payments and accrued interest are measured at fair value through profit or loss.

The fair value of financial assets in this category is determined by reference to active market transactions or by using a valuation technique when there is no active market.

Derecognition of financial asset

Financial asset is derecognized only when:

- Contractual rights in the cash flows of a financial asset expire; or
- The Group has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a "transfer" agreement, and whether (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained a substantially all the risks and rewards of the asset, but it has transferred its right to control it.

If the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset. An asset is recognized to the extent that the Group's relationship with it continues if it has neither transferred nor retained all the risks and benefits associated with the asset nor transferred its right to control it. In that case, the Group also recognize the liabilities related to that assets. The transferred asset related liabilities are measured on a basis that reflects the rights and obligations that the Group has recognized.

Continuing relationship 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 that the Group can be required to repay whichever is less.

Impairment in the value of financial assets

The Group recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the consolidated statement of comprehensive income.

The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, expected credit losses are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses). The Group applies a simplified approach to the calculation of expected credit losses. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified on initial recognition, as financial liabilities at fair value through profit or loss, or loans and account payables, or as financial derivatives that are used as hedging instruments for covering risks. All financial liabilities are initially recognized at fair value and in the case of loans, advances and account payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and advances

After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. The gain or loss is recognized in the consolidated statement of comprehensive income when the obligations are derecognized, as well as through the process of amortizing the effective interest rate.

Derecognition of financial liabilities

Financial obligations are derecognized when the obligation is paid, canceled or the obligation under the contract expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position, when the Group has a legally enforceable right to offset the recognized amounts and the Group intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Contingent liabilities

Contingent liabilities are disclosed when the Group has a contingent liability as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Provisions -General

Provisions are recognized when the Group has a present legal or constructive obligation 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.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a consolidated asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Revenue recognition

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

Revenue from sale of goods

Sales in retail outlets

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

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

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

Online sales

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

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

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

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property 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, except for contingent rental income which is recognized when it arises. Accrued revenue is recognized to the extent that the revenue has been earned but not yet billed.

Tenant lease incentives including rental discounts are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of comprehensive income when the right to receive them arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Revenue recognition (Continued)

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes due. Service and management charges related to repairs and maintenance of the building facilities and other such receipts are included in revenue while the related costs, which are included as part of cost of revenue, as the management considers that the Group acts as a principal in this respect. Service charges related to utilities for heavy users are presented net of the related costs and are recorded as part of "commission income on provisions for utilities for heavy users, net" under revenue in the consolidated statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

Revenue from rendering of services

Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue primarily includes room revenue, and banquet services which is recognized once the rooms are occupied, and banquet services have been provided as per the contract with the customer.

In addition to above, revenue for laundry, communication, health club, airport transfers and other allied services has been recognized by reference to the time of service rendered.

Turnover rent

The Group recognizes income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognized over time, consistent with the Group's accounting policy on recognizing revenue on construction contracts. Operation service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

Principal versus agent consideration

The Group has evaluated its arrangements determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users-as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Finance income

Finance income is recognized using the Effective Interest Rate ("EIR") method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument and continues unwinding the discount as finance income. Finance income on impaired loans is recognized using the original EIR.

Dividend and other income

Dividend income from investments is recognized when the Group's rights to receive payment have been established. All other incomes are recognized on an accrual basis when the Group's right to earn the income established.

Foreign operations

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Foreign currency

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate ruling at the date of the consolidated financial statements. All differences arising from settlement or transactions on monetary items are recorded on consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the exchange rate ruling at the dates of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate ruling at the date when their fair value was determined.

Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. (That is, translation differences for items whose fair value gains and losses are recognized in the consolidated statement of other comprehensive income, and items whose fair value gains and losses are recognized in consolidated statement of comprehensive income).

Zakat and income tax

The Group is subject to the Regulations of the Zakat, Tax, and Customs Authority ("ZATCA") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

For subsidiaries outside KSA, provision for corporate tax is computed in accordance with tax regulations of the respective countries and charged to the consolidated statement of profit or loss. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value added tax included.
The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other account receivables or other account payables in the consolidated statement of financial position.

Expenses

Direct cost incurred during the period includes the costs of goods sold, direct labor, governmental charges, and other overheads related to the revenues recognized.

Selling and marketing expenses principally comprise of costs incurred in marketing, promotion and advertisement. All other expenses are classified as general and administration expenses.

General and administration expenses include expenses not specifically part of the cost of revenue and promotion and advertising expenses. Allocations between general and administration expenses and cost of revenue, when required, are made on a consistent basis.

Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in consolidated statement of comprehensive income, using the effective interest method.

Finance costs comprise of commissions on term loans, amortization of transaction costs including write offs, bank charges for loan facilities and other financing costs.

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

Dividends

Dividends are recognized in the consolidated financial statements for the period that are approved by the shareholders in general assembly.

Subsequent events

Financial statements are affected by subsequent events that require an amendment to the consolidated financial statements while it is disclosed subsequent events that do not require an amendment of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

5- NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

5.1 New Standards, Amendments to Standards and Interpretations

The Group has adopted the following new standards and amendments for the first time that are effective from January 1, 2023:

Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments require that an entity discloses its material accounting policies information, instead of its significant accounting policies.

Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of above amendments does not have any material impact on the consolidated financial statements during the year.

5.2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 "Climate-related Disclosures"

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SAUDI FAS HOLDING COMPANY
(A SAUDI CLOSED JOINT STOCK COMAPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

6- PROPERTY AND EQUIPMENT

	(Saudi Riyal)						
	Land (ii)	Buildings and leasehold improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Projects under construction (i)	Total
December 31, 2023							
Cost:							
Balance as of January 1, 2023	146,317,384	3,525,738,370	184,659,823	970,973,355	20,906,025	165,582,521	5,014,177,478
Additions	-	164,429,210	6,159,846	61,183,131	339,857	86,354,789	318,466,833
Transfer from project under construction	-	32,720,258	-	5,817,321	-	(38,537,579)	-
Transfers to related parties (Note 15)	-	-	-	-	-	(55,222,886)	(55,222,886)
Foreign currency exchange differences	-	-	-	(1,402)	-	-	(1,402)
Transfer to assets held for sale (Note 36)	-	(167,919,479)	-	(22,047,978)	(109,426)	-	(190,076,883)
Disposal of subsidiary (Note 36)	-	-	-	-	-	(8,127,939)	(8,127,939)
Written off	-	(385,207,390)	(19,956)	(155,768,173)	(697,926)	-	(541,693,445)
Balance as of December 31, 2023	146,317,384	3,169,760,969	190,799,713	860,156,254	20,438,530	150,048,906	4,537,521,756
Accumulated depreciation and impairment:							
Balance as of January 1, 2023	-	1,993,310,546	145,884,661	689,487,455	18,288,726	2,142,088	2,849,113,476
Depreciation charged during the year	-	118,990,828	9,515,699	58,881,074	723,104	-	188,110,705
Depreciation from discontinuing operation (Note 36)	-	1,310,477	-	-	-	-	1,310,477
Charge for the year on assets held for sale	-	8,589,453	-	-	-	-	8,589,453
Transfers to related parties (Note 15)	-	(194,249)	-	428,647	-	-	234,398
Foreign currency exchange differences	-	-	-	(815)	-	-	(815)
Transfer to assets held for sale (Note 36)	-	(117,667,674)	-	(15,364,026)	(109,423)	-	(133,141,123)
Written off	-	(228,079,510)	(18,979)	(116,316,813)	(690,909)	-	(345,106,211)
Balance as of December 31, 2023	-	1,776,259,871	155,381,381	617,115,522	18,211,498	2,142,088	2,569,110,360
Net book value	146,317,384	1,393,501,098	35,418,332	243,040,732	2,227,032	147,906,818	1,968,411,396

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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6- PROPERTY AND EQUIPMENT (CONTINUED)

	(Saudi Riyal)						
	Land	Buildings and leasehold improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Projects under construction	Total
<u>December 31, 2022</u>							
<u>Cost:</u>							
Balance as of March 31, 2022	146,317,384	3,413,352,726	186,382,508	936,504,436	23,878,174	309,819,259	5,016,254,487
Additions	-	173,963,359	672,883	58,324,866	105,932	52,009,651	285,076,691
Transfer from project under construction	-	38,394,142	-	4,617,595	79,798	(43,091,535)	-
Transfers	-	(116,366)	(2,386,227)	2,502,593	-	-	-
Transfers to related parties (Note 15)	-	-	-	-	-	(153,154,854)	(153,154,854)
Foreign currency exchange differences	-	-	-	(74,678)	-	-	(74,678)
Disposal of subsidiary (Note 36)	-	(35,372,313)	-	(14,192,974)	(1,592,988)	-	(51,158,275)
Written off	-	(64,483,178)	(9,341)	(16,708,483)	(1,564,891)	-	(82,765,893)
Balance as of December 31, 2022	146,317,384	3,525,738,370	184,659,823	970,973,355	20,906,025	165,582,521	5,014,177,478
<u>Accumulated depreciation and impairment:</u>							
Balance as of March 31, 2022	-	1,967,126,704	138,888,339	667,832,686	20,326,176	-	2,794,173,905
Depreciation charged during the year	-	88,053,734	7,003,211	41,926,274	722,926	-	137,706,145
Depreciation from discontinuing operation (Note 36)	-	7,506,856	-	-	-	-	7,506,856
Transfers	-	5,304	-	(5,304)	-	-	-
Transfers to related parties (Note 15)	-	122,402	-	1,171,097	79,799	-	1,373,298
Foreign currency exchange differences	-	-	-	(27,665)	-	-	(27,665)
Disposal of subsidiary (Note 36)	-	(14,961,867)	-	(6,848,602)	(1,275,354)	-	(23,085,823)
Written off	-	(54,542,587)	(6,889)	(14,561,031)	(1,564,821)	2,142,088	(68,533,240)
Balance as of December 31, 2022	-	1,993,310,546	145,884,661	689,487,455	18,288,726	2,142,088	2,849,113,476
<u>Net book value</u>	<u>146,317,384</u>	<u>1,532,427,824</u>	<u>38,775,162</u>	<u>281,485,900</u>	<u>2,617,299</u>	<u>163,440,433</u>	<u>2,165,064,002</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

6- PROPERTY AND EQUIPMENT (CONTINUED)

- (i) Projects under construction represent the cost incurred on various construction projects. The capital commitments against those projects is SR 235 million (December 31, 2022: SR 238 million) and expected date of completion is December 31, 2025 (Note 34).
- (ii) The Group has a piece of land carried at a carrying value of SR 131,520,000 related to one of the Group subsidiaries hotels which was acquired from ultimate shareholders of the Group and the title deeds of which are presently still registered in the name of its former owners. Such title deeds are not yet transferred in the name of the Group since, currently, the asset has been pledged against commercial loans obtained by the Group that restricts the transfer of legal ownership. Nevertheless, despite this legal limitation, the Group has the complete responsibility for the associated risks, control, and rewards relating to the property as the ultimate shareholders have waived their rights over this land and have confirmed that the risks and rewards pertaining to this property has been transferred to the Group (Note 21).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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7- INVESTMENT PROPERTIES

		(Saudi Riyal)	
	Notes	2023	2022
Investment properties	A	26,028,542,699	23,759,751,542
Advance payment for projects under construction	B	906,558,390	729,927,057
Total		26,935,101,089	24,489,678,599

A. Investment properties

		(Saudi Riyal)	
	Notes	2023	2022
Balance as at beginning of the year/ period		24,165,631,599	24,793,786,760
Additions during the year / period		1,305,400,862	620,277,916
Lease addition during the year /period (Note 8(A))	(iv)	534,208,206	-
Disposal during the year/ period	(i)	(405,880,057)	(267,312,000)
Disposal of subsidiary (Note 36)		-	(557,480,304)
Adjustment of reassessment	8(B)	81,804,409	(479,055,119)
Depreciation on right-of-use assets		-	(5,550,331)
Net fair value gain on investment properties	(ii)	557,302,038	60,964,677
Balance at the end of the year/ period	(vii)	26,238,467,057	24,165,631,599

Presented in consolidated statement of financial position as:

		(Saudi Riyal)	
	Notes	2023	2022
Investment properties		26,238,467,057	24,165,631,599
Less: Asset held for sale (Note 36)	(iii)	(209,924,358)	(405,880,057)
Total		26,028,542,699	23,759,751,542

- (i) During the year ended December 31, 2023, the Group disposed off the land for a total consideration of SR 644.5 million resulting in a gain on disposal of SR 238.6 million which has been recorded under other operating income in the consolidated statement of comprehensive income (December 31, 2022: Total consideration amounted to SR 247.1 million resulting in loss of SR 20.2 million)
- (ii) During the year ended December 31, 2023, the Group terminated a project under development and related land operating lease agreement. Total net fair value gain for the period includes a loss of SR 142.6 million relating to termination of the project under development.
- (iii) During the year ended December 31, 2023, the Group entered into an agreement to sell a land and is in the process of completing the pre-conditions to execute the sale. The Group is also committed to sell an owned mall and is in the process of completing the pre-conditions to execute the sale. The sales are considered highly probable and accordingly, the carrying values of the land and the mall have been classified as assets held for sale under current assets.
- (iv) All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.

The carrying amount at reporting date includes the fair value for the following:

		(Saudi Riyal)	
	Note	2023	2022
Shopping malls at owned lands		11,929,917,260	11,001,779,497
Shopping malls at leasehold lands		6,644,698,513	6,496,382,519
Owned lands held as investment properties		1,937,086,375	1,704,296,441
Projects under construction – fair value	(v)	5,726,764,909	4,963,173,142
Total		26,238,467,057	24,165,631,599

- (v) Projects under construction pertains to expenditure relating to malls which are in the course of construction as at the end of the reporting period and these are expected to be completed within 2 to 5 years. During the year ended December 31, 2023, the Group capitalized finance costs amounting to SR 384.5 million (December 31, 2022: SR 223.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

7- INVESTMENT PROPERTY (CONTINUED)

- (vi) On May 15, 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on June 7, 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.
- (vii) During the period, the Company has undergone a change in accounting policy, transitioning from cost model to fair value model.
- (viii) Amounts recognized in the consolidated statement of comprehensive income for investment property that generated income is as follows:

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Revenue from investment properties	1,898,077,726	1,403,698,359
Direct operating expenses on properties that generated rental income	(383,488,576)	(285,790,026)

- (ix) Subsequent to yearend, the Board of Directors of the Group decided to create a real estate development fund owned by the Group ("fund") and transfer the investment property in Muzdalfa land to the fund for further development. The fund will be managed by a CMA-licensed Asset Management Company. As of year-end, the decision was not implemented.

Fair value of investment properties:

a) Fair value hierarchy

The fair value measurement for investment property of SR 26.23 billion (December 31, 2022: SR 24.16 billion) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; capitalization rate (yields); forecasted occupancy; and cost to complete projects.

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. Effective dates of the valuation is December 31, 2023 and are prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards. The valuations have been performed by Land Sterling, Colliers Saudi Arabia, ValuStrat and NATA Real Estate Appraisal Company. As per the CMA regulations, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

b) Inter-relationship between key unobservable inputs and fair value measurement

December 31, 2023

Property	Valuation technique	Significant unobservable input	Range	Fair value (SR in billion)
Shopping Malls	Discounted cash flows	Occupancy (%)	76% - 100%	18.575
		Future rent growth (%)	2% - 4%	
		Discount rate (%)	9% - 18%	
Projects under construction	Discounted cash flows – Residual method	Occupancy (%)	90% - 95%	5.727
		Future rent growth (%)	2%	
		Discount rate (%)	12% - 14%	
Owned land	Comparative approach	Average price (SR /sqm)	215 - 8,943	0.337
Owned land 1	Income approach and Residual value approach	Average price (SR /sqm)	7,134 – 8,720	1.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

7- INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties (Continued):

		(Saudi Riyal)	
		2023	2022
	% change	Fair value (million)	
Percentage	+10%	28,862	26,582
	+5%	27,550	25,373
	0%	26,238	24,165
	-5%	27,550	25,373
	-10%	28,862	26,582

December 31, 2022

Property	Valuation technique	Significant unobservable input	Range	Fair value (SR million)
Shopping Malls	Discounted cash flows	Occupancy (%)	66% - 100%	
		Future rent growth (%)	2% - 5%	17,498
		Discount rate (%)	10% - 21%	
Projects under construction	Discounted cash flows – Residual method	Occupancy (%)	90% - 95%	
		Future rent growth (%)	2%	4,963
		Discount rate (%)	12% - 16%	
Owned land	Comparative approach	Average price (SR /sqm)	210 - 8,834	1,704

The estimated fair value would increase/(decrease) if the discount rates were lower/(higher) and/or the growth rates and occupancy % were higher/(lower).

The following table shows the valuation technique to measure fair value of investment properties:

Valuation technique	Description
Discounted cash flows	The gross fair value (net costs to complete), as applicable, is derived using DCF and is benchmarked against net initial yield.
Comparative approach	Properties held for future development are valued using comparable methodology which involves analyzing other relevant market transactions.

B. Advance payments for projects under construction

It represents advance payments to the contractors for the construction of shopping malls, which are under various stages of completion.

		Construction work services received			
		(Saudi Riyal)		(Saudi Riyal)	
		For the period from April 1, 2022 to December 31, 2022		2023	2022
Name of party	Relationship	2023			
Lynx Contracting Company	Affiliate	224,576,431	275,070,858	905,103,726	720,068,772
Others	-	-	-	1,454,664	9,858,285
				906,558,390	729,927,057

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FOR THE YEAR ENDED DECEMBER 31, 2023

8- RIGHT OF USE ASSETS AND LEASE LIABILITIES

The carrying amounts of the group's right-of-use assets and lease liabilities and movements during the year is as follows:

Right of use assets

	Note	(Saudi Riyal)	
		2023	2022
Balance as of beginning of the year / period		1,195,672,771	1,249,848,550
Addition during the year/ period	A	41,272,661	123,419,267
Adjustment for termination		(60,624,901)	(102,998,809)
Adjustment for reassessment	B	19,601,739	196,961,805
Depreciation charge for the year/period from continuing operation		(137,041,337)	(136,833,402)
Depreciation charge for the year/period from discontinuing operation		(62,082,294)	(58,313,773)
Transfer to assets held for sale (Note 36)		(188,217,619)	-
Disposal of subsidiary (Note 36)		(24,260,245)	(62,364,059)
Foreign currency exchange differences		(9,700,574)	(14,046,808)
Balance as of end of the year / period		774,620,201	1,195,672,771

Lease liabilities

	Note	(Saudi Riyal)	
		2023	2022
Balance as of beginning of the year / period		3,874,744,761	5,059,299,367
Addition during the year/ period	A	575,480,867	123,419,267
Adjustment for termination		(78,539,629)	(108,002,466)
Adjustment for reassessment	B	116,117,997	(247,230,014)
Payment of lease liability		(449,719,460)	(487,177,199)
Rental concessions (Note 33)		(8,812,430)	(26,254,275)
Finance cost from continuing operations		156,099,774	145,910,742
Finance cost from discontinuing operations		11,611,254	7,586,659
Finance cost capitalized for projects under construction		48,830,462	25,865,912
Transfer to assets held for sale (Note 36)		(189,845,840)	-
Disposal of subsidiary (Note 36)		(39,040,932)	(624,127,293)
Foreign currency exchange differences		(23,119,285)	5,454,061
Balance as of end of the year / period		3,993,807,539	3,874,744,761

	(Saudi Riyal)	
	2023	2022
Current portion	908,054,086	757,195,906
Non-current portion	3,085,753,453	3,117,548,855

(A) The addition amounting to SR 534 million represents addition in investment properties not classified as right of use assets as explained in Note (7).

(B) The resulting impact of loss amounted to SR 14.7 million (December 31, 2022: SR 34.9 million) arising from the reassessment adjustment has been recorded in the consolidated statement of comprehensive income

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9- GOODWILL AND OTHER INTANGIBLE ASSETS

	(Saudi Riyal)								
	Goodwill (B)	Computer software	Key money	Deferred charges	Solar plant (A)	Trademarks	Web development cost	Customer related assets	Total
December 31, 2023									
<u>Cost:</u>									
Balance as of January 1, 2023	1,080,808,536	180,373,511	181,261,520	31,298,102	287,876,764	127,758,519	28,136,631	11,744,405	1,929,257,988
Additions	-	16,270,262	2,350,432	3,661,349	-	10,826	9,384,755	-	31,677,624
Transfers from related parties (Note 15)	-	56,765,127	(35,231,755)	-	-	-	-	-	21,533,372
Disposal of subsidiary (Note 36)	-	-	(6,570,699)	-	-	-	-	-	(6,570,699)
Transfer to assets held for sale (Note 36)	-	(894,300)	(3,945,953)	(807,800)	-	-	-	-	(5,648,053)
Disposals / write-off	-	(882,858)	(40,000)	(2,274,369)	-	-	-	-	(3,197,227)
Balance as of December 31, 2023	1,080,808,536	251,631,742	137,823,545	31,877,282	287,876,764	127,769,345	37,521,386	11,744,405	1,967,053,005
<u>Amortization and impairment:</u>									
As of January 1, 2023	86,150,879	71,749,931	116,395,036	8,738,335	46,060,281	33,598	10,798,100	3,667,866	343,594,026
Amortization for continuing operations	-	8,952,033	3,463,732	2,818,019	11,515,071	22,529	5,475,087	2,931,816	35,178,287
Amortization for discontinuing operations	-	-	331,818	-	-	-	-	-	331,818
Transfers from related parties (Note 15)	-	2,819,796	(3,323,674)	-	-	-	-	-	(503,878)
Impairment for other intangible assets	-	16,316,038	157,428	-	-	-	-	-	16,473,466
Disposal of subsidiary(Note 36)	-	-	(1,718,931)	-	-	-	-	-	(1,718,931)
Transfer to assets held for sale (Note 36)	-	(461,606)	(3,736,580)	(396,851)	-	-	-	-	(4,595,037)
Disposals / write-off	-	(478,103)	(12,991)	(915,899)	-	-	-	-	(1,406,993)
Impairment for goodwill	370,000,000	-	-	-	-	-	-	-	370,000,000
Balance as of December 31, 2023	456,150,879	98,898,089	111,555,838	10,243,604	57,575,352	56,127	16,273,187	6,599,682	757,352,758
Net Book Value	624,657,657	152,733,653	26,267,707	21,633,678	230,301,412	127,713,218	21,248,199	5,144,723	1,209,700,247

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9- GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

	(Saudi Riyal)								
	Goodwill (B)	Computer software	Key money	Deferred charges	Solar plant (A)	Trademarks	Web development cost	Customer related assets	Total
December 31, 2022									
<u>Cost:</u>									
Balance as of April 1, 2022	1,080,808,536	158,453,072	158,043,558	20,125,852	313,410,955	127,768,092	26,023,226	11,744,405	1,896,377,696
Additions	-	22,208,059	30,027,381	11,172,250	-	2,512	4,264,074	-	67,674,276
Foreign currency exchange differences	-	-	-	-	(25,534,191)	(12,085)	(2,150,669)	-	(27,696,945)
Disposals / write-off	-	(287,620)	(6,809,419)	-	-	-	-	-	(7,097,039)
Balance as of December 31, 2022	1,080,808,536	180,373,511	181,261,520	31,298,102	287,876,764	127,758,519	28,136,631	11,744,405	1,929,257,988
<u>Amortization and impairment:</u>									
As of April 1, 2022	76,350,879	66,134,788	114,501,899	7,324,542	37,609,314	23,769	9,150,206	1,468,050	312,563,447
Amortization for continuing operations	-	5,820,563	3,121,309	1,413,741	11,515,071	12,025	2,398,026	2,199,816	26,480,551
Amortization for discontinuing operations	-	89,716	-	-	-	-	-	-	89,716
Disposal of subsidiary (Note 36)	9,800,000	-	-	-	-	-	-	-	9,800,000
Foreign currency exchange differences	-	-	-	-	(3,064,104)	(2,196)	(750,132)	-	(3,816,432)
Disposals / write-off	-	(295,136)	(1,228,172)	52	-	-	-	-	(1,523,256)
Balance as of December 31, 2022	86,150,879	71,749,931	116,395,036	8,738,335	46,060,281	33,598	10,798,100	3,667,866	343,594,026
Net Book Value	994,657,657	108,623,580	64,866,484	22,559,767	241,816,483	127,724,921	17,338,531	8,076,539	1,585,663,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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9- GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

A. Solar Plant

One of the Group's subsidiaries "the operator" and the New and Renewable Energy Authority in Egypt "the grantor" concluded a service concession arrangement for a defined piece of solar plant land "the site" to build, own, and operate a photovoltaic solar plant with an envisaged total capacity equal to the installed capacity, for a period of 25 year from the start of operation between the parties. Under this agreement, the operator shall, at its own expense, construct an infrastructure and public facilities for the site. At the end of the agreement, all the assets of the operator to provide the services are either delivered to the operator or transferred to the grantor in return for an agreed compensation. As for the immovable assets, the exclusive ownership of the "grantor" remains. Under this agreement, the operator must pay the grantor a usufruct fee, which is calculated on the basis of the total electricity produced by the operator on a monthly basis multiplied by an agreed rate, in addition to the operating and maintenance expenses of the infrastructure surrounding the site, which are calculated based on the operating capacity for the site. This agreement also includes a minimum usufruct fee, which is calculated in the event of other force majeure events.

B. Goodwill

				(Saudi Riyal)	
	Note	Year	Equity Interest	2023	2022
		2012 and			
Nesk Projects Trading Co including Mango brand	(i)	2014	100%	355,384,622	666,771,622
Food Gate Company	(ii)	2020	100%	108,500,593	167,113,593
Wahba Trading Company Ltd	(iii)	2009	100%	61,437,764	61,437,764
Innovative Union Company	(ii)	2020	100%	30,913,440	30,913,440
Vogacloset UK Limited	(iv)	2021	51%	68,421,238	68,421,238
Total				624,657,657	994,657,657

- (i) Nesk Trading Projects Company operates fashion retail stores all over the Kingdom with franchise rights of a number of international fashion brands including Stradivarius, Mango, Okaidi, etc. The Group acquired Nesk Trading Projects Company, for cash in an aggregate amount of SR 730 million having net acquisition cost of SR 661.2 million after deducting net cash acquired amounting to SR 68.8 million. The Group acquired the business of fashion retail and franchise rights of the international fashion brand "Mango" in the Kingdom of Saudi Arabia for a consideration of SR 378 million. During the year ended December 31, 2023, the Group has recorded an impairment of goodwill of SR 311.39 million (December 31, 2022: SR 70.53 million)
- (ii) The Group acquired Innovative Union Company with its subsidiary Food Gate Company from a related party. At the date of acquisition, the carrying value of net assets acquired was SR 132.2 million and the cost of acquisition was SR 340 million, accordingly, a goodwill amounting to SR 207.8 million arose at the acquisition date of the 2 companies. Innovative Union Company and its subsidiary Food Gate Company operate food and beverage stores all over the Kingdom with franchise rights of a number of food brands including Cinnabon, Subway, etc. During the year ended December 31, 2023, the Group has recorded an impairment of SR 58.61 million (December 31, 2022: Nil). During the period ended December 31, 2022 the Group made a disposal of SR 9.8 million (Note 36).
- (iii) The Group acquired Wahba Trading Company Limited at a fair value of SR 118.6 million and the cost of acquisition was SR 180 million, accordingly, a goodwill amounting to SR 61.4 million arose at the acquisition date.
- (iv) On Rabi ul Awal 8, 1443H (corresponding to October 14, 2021), the Group acquired an effective 51% equity interest in Vogacloset UK company through a Sale Purchase Agreement (SPA) signed by the Group in an aggregate amount of SR 204.8 million including SR 137.8 million paid in cash and SR 67 million committed to pay over 3 years based on a earn out scheme. The purchase price of the acquisition has been allocated to intangible assets and goodwill amounting to SR 139.5 million and SR 68.4 million respectively.

Impairment test of goodwill:

Goodwill is tested annually for impairment by management. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each of the Companies. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail and food and beverage business in which the companies operate. Key assumptions for the value-in-use calculation are set out below:

	Nesk Projects Trading Company	Food Gate Company	Wahba Trading Company Limited	Innovative Union Company	Vogacloset UK Limited
Discount rate	12.5%	12.5%	12.5%	12.5%	12.3%
Average annual growth rate for sale	3% - 5%	3% - 4%	3% - 5%	3% - 5%	32%
Terminal growth rate	2%	2%	2%	2%	2%

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9- GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

B. Goodwill (Continued)

Impairment test of goodwill (continued):

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

Sensitivity to changes in assumptions:

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

10- EQUITY ACCOUNTED INVESTMENTS

	Ownership percentage	(Saudi Riyal)	
		2023	2022
NEOM Advanced Data Centers Company (A)	49%	126,334,347	126,530,837
Hesvira GmbH Company (B)	23.8%	15,908,375	-
Khozam Mall Real Estate Development Company (C)	50%	250,000	-
Hajen Company Limited (D)	-	-	2,945,236
FG 4 Limited (E)	50%	-	-
Total		142,492,722	129,476,073

(A) The movement for investment in NEOM Advanced Data Centers Company is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	126,530,837	-
Additions	-	127,340,539
Share in results	(196,490)	(809,702)
Balance as of end of the year / period	126,334,347	126,530,837

(B) The movement for investment in Hesvira GmbH Company is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	-	-
Additions	8,148,410	-
Transfer from equity securities at FVOCI – unquoted (Note 11)	7,759,965	-
Balance as of end of the year / period	15,908,375	-

(C) This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company was established during the year and is yet to commence commercial operations.

(D) The movement for investment in Hajen Company Limited is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	2,945,236	3,488,072
Share in results	-	(542,836)
Disposal (*)	(2,945,236)	-
Balance as of end of the year / period	-	2,945,236

(*) During the year, the Group has transferred its investments in Hajen Development Group to its shareholders at cost.

(E) The movement for investment in FG 4 Limited is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	-	1,956,408
Share in results	-	(1,956,408)
Balance as of end of the year / period	-	-

The Group doesn't bear any negative net assets of FG 4 Limited as mentioned in the accounting policy.

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11- OTHER INVESTMENTS

	(Saudi Riyal)				
	Equity securities at FVOCI – unquoted (A)	Equity securities FVOCI – quoted (B)	Equity securities FVTPL – quoted (C)	Pledged term deposit (D)	Total
Cost:					
Balance as of April 1, 2022	1,162,689,598	26,828,351	207,000,000	-	1,396,517,949
Additions	7,759,965	-	-	4,190,498	11,950,463
Disposals	(816,268,435)	-	(5,820,000)	-	(822,088,435)
Balance as of December 31, 2022	354,181,128	26,828,351	201,180,000	4,190,498	586,379,977
Transfers	(7,759,965)	-	(10,125,564)	-	(17,885,529)
Disposals	(15,146,491)	-	(174,769,782)	(4,190,498)	(194,106,771)
Balance as of December 31, 2023	331,274,672	26,828,351	16,284,654	-	374,387,677
Revaluation adjustments:					
Balance as of April 1, 2022	(93,161,203)	(22,829,382)	13,028,628	-	(102,961,957)
Foreign currency exchange loss	(22,455,488)	-	-	-	(22,455,488)
Unrealized gain – OCI	46,071,060	2,221,650	-	-	48,292,710
Unrealized gain – P&L	-	-	4,076,350	-	4,076,350
Disposal of investments	(41,059,681)	-	-	-	(41,059,681)
Balance as of December 31, 2022	(110,605,312)	(20,607,732)	17,104,978	-	(114,108,066)
Foreign currency exchange loss	(18,742,465)	-	-	-	(18,742,465)
Unrealized gain – OCI	(14,513,248)	(446,396)	-	-	(14,959,644)
Unrealized gain – P&L	-	-	(33,308,056)	-	(33,308,056)
Disposal of investments	12,532,392	-	-	-	12,532,392
Balance as of December 31, 2023	(131,328,633)	(21,054,128)	(16,203,078)	-	(168,585,839)
Net book value:					
As of December 31, 2023	199,946,039	5,774,223	81,576	-	205,801,838
As of December 31, 2022	243,575,816	6,220,619	218,284,978	4,190,498	472,271,911

(A) Equity securities at FVOCI - unquoted represents equity investments in the below companies:

	(Saudi Riyal)	
	2023	2022
Egyptian Centers Limited Company (i)	74,189,014	92,931,479
Madaeen Star Real Estate Company (ii)	68,259,597	68,259,597
Khomasiat Taibah Limited Company (iii)	50,129,379	64,933,400
Audacia Capital (iv)	6,469,382	6,178,609
Akwani Properties (v)	898,667	898,667
Hesvira GmbH Company (vi)	-	7,759,965
Azizia Panda United Company (vii)	-	2,614,099
	199,946,039	243,575,816

- (i) During the year ended March 31, 2021, the Group had acquired 8.9% shares in Egyptian Centers for Real Estate Development (ECRED) in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition. As of December 31, 2023, investment in ECRED has been valued at SR 74.2 million (December 31, 2022: SR 92.9 million).
- (ii) This investment represents investment in equity of 6.83% in land held by Madaeen Star Real Estate Company owned by a related party. The legal formalities relating to ownership has not completed at year-end, The management is in the process of transferring ownership in the name of company and expected to finalize soon.
- (iii) This represents equity investment of 7.14% in Khomasiat Taibah Limited Company.
- (iv) This represents 7.88% equity investment in Audacia Capital.
- (v) This represents 4.79% equity investment in Akwaan Properties.
- (vi) This represents the investment in the shares of Hesvira GmbH at a rate of 13.5%, and the investment is recorded at fair value. During the year ended December 31, 2023, the Group increased its shares in the investment to 23.8%, and as a result, the investment has been transferred to equity accounted investments.
- (vii) During the year, the Group disposed-off its investment in Azizia Panda United Company.

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11- OTHER INVESTMENTS (CONTINUED)

- (B) Equity securities FVOCI – quoted represents investment in shares of DEPA Limited (listed in NASDAQ Dubai). During the year, the Group has recorded change in fair value on this investment amounting to SR 0.45 million (December 31, 2022: SR 2.22 million).
- (C) Equity securities in a real estate fund at FVTPL- quoted represents equity investments in the below companies:
- (i) *Al Jawhara Real Estate Fund*: This represents 0.03% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for SR 6.8 million. During the nine-month period ended December 31, 2022, the Group sold units in the fund and realized a gain on disposal of investment of SR 180,000 in the consolidated statement of comprehensive income. As at December 31, 2023, the net asset value (NAV) of the investment amounted to SR 0.08 million (December 31, 2022: SR 1.2 million) and SR 0.31 million of unrealized fair value loss is recognized in the consolidated statement of comprehensive income (December 31, 2022: gain of SR 0.38 million). During the year ended December 31, 2023, fund has divested its investment portfolio of SR 0.77 million.
- (ii) *Al Mubarak real estate income fund –II*: On December 16, 2019, the Group acquired 20,000,000 units of Al Mubarak Real Estate Income Fund 2 (the "Fund") with a nominal value of SR 10 per unit for its share in the ownership of an investment property. During the year ended December 31, 2023, the Group has been notified of the liquidation of the fund, in which it owns 33.33%. The Group has received an amount of SR 162 million, in addition to that, certain rental liabilities towards the fund have been settled by SR 12 million. Given that the final sale price of the fund has not been determined yet, pending completion of liquidation procedures, the remaining amount of the asset equal to SR 10 million has been classified in prepaid expense and other current assets (Note 14). The unrealized fair value loss for the year ended December 31, 2023 amounted to SR 33 million (December 31, 2022: unrealized gain of SR 3.7 million).
- (D) During the year ended December 31, 2023, the Group has refunded the term deposits in National Bank of Fujairah, that has been as a guarantee for supplier payment.
- (E) At December 31, 2023, one of the Group's subsidiary Riyadh Real Estate Development Fund held 166,699 units of Riyadh Diversified Trade Fund at a unit price of SR 1,817.8 for trading purpose.

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year/ period	-	-
Additions	322,274,093	-
Disposals	(26,196,322)	-
Fair value change	6,948,251	-
Balance as of end of the year/ period	303,026,022	-

The total proceeds received from the disposal are SR 26,600,000 and the resulting gain of amount SR 403,678 has been recorded in consolidated statements of comprehensive income.

12- INVENTORIES

Inventories include merchandise inventory (including goods available for sale and goods in transit stated at the lower cost or net realizable value and properties for development and sale.

	(Saudi Riyal)	
	2023	2022
Merchandise	794,349,329	1,001,560,506
Properties for development and sale	2,047,219,485	2,039,372,137
Total	2,841,568,814	3,040,932,643

Merchandise

	(Saudi Riyal)	
	2023	2022
Finished goods – available for sale	768,737,494	1,311,560,631
Finished goods – in transit	48,336,268	14,149,304
Consumables and supplies	11,059,807	24,262,829
Gross inventories	828,133,569	1,349,972,764
Provision for inventory	(33,784,240)	(348,412,258)
Net inventories	794,349,329	1,001,560,506

Movement in provision for inventories is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	348,412,258	352,227,716
Charge for the year / period (Note 29)	111,436,113	21,732,326
Provision written-off during the year / period	(426,064,131)	(25,547,784)
Balance as of end of the year / period	33,784,240	348,412,258

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12- INVENTORIES (CONTINUED)

Properties for development and sale:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	2,039,372,137	1,932,393,171
Additions during the year / period	7,847,348	52,830,271
Borrowing costs capitalized during the year / period	-	54,148,695
Balance as of end of the year / period	2,047,219,485	2,039,372,137

(i) The properties for development and sales includes an amount of SR 353.53 million (December 31, 2022: 345.68 million). This represents property under development for commercial and residential purpose located in Buraydah, Qassim. The property is being developed with the intention of resale and hence classified as development properties.

(ii) Properties for development and sale also include property located in Riyadh, Kingdom of Saudi Arabia belongs to one of the group's subsidiary, Alinma Dhahiat Al Riyadh Real Estate Fund amounting to SR 1.69 billion (December 31, 2022: 1.69 billion). The Fund will develop infrastructure for plots together with other amenities to sell these during the term of the Fund. As of the year ended December 31, 2023, the development on the property was suspended by the authorities. As the land is in the middle of the Mega project of the government. The Fund Manager is currently in contact with concerned parties to resolve the issue. However as of December 31, 2023 there were no further updates. The purchase of the land related to property under development was partially funded through financing obtained from the Bank amounting to SR 1 billion and SR 600 million through units issued equivalent to 6,000 units. The title deed of the property is pledged against the financing and is accordingly registered in the name of "AlTanweer Real Estate Company" a subsidiary company of Alinma Bank.

13- TRADE RECEIVABLES

	(Saudi Riyal)	
	2023	2022
Trade receivables	724,822,415	641,182,797
Less: Expected credit loss on trade receivables	(300,513,086)	(185,180,530)
	424,309,329	456,002,267

Trade receivables mainly comprise interest free net receivables due from tenants with no credit rating. Before accepting any new customer, management of the Group assesses the potential customer's credit quality and defines credit limits. Accounts receivable are, in part, covered by promissory notes to secure the payment of lease obligations, with accelerated lease resolution mechanisms for defaulting tenants available through the Saudi Unified Ejar platform. In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

There are no customers who comprise more than 10% of the total trade receivable balances.

Movement in the expected credit loss on trade receivables is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	185,180,530	192,903,923
Expected credit loss for the year / period	191,266,674	84,849,031
Written-off during the year / period	(75,934,118)	(92,572,424)
Balance as of end of the year / period	300,513,086	185,180,530

The aging of trade receivables that are past due including the impaired receivables is as follows:

	(Saudi Riyal)	
	2023	2022
0-90 days	106,723,188	160,554,825
91-180 days	99,646,443	100,621,217
More than 181 days	518,452,784	380,006,755
	724,822,415	641,182,797

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14- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	(Saudi Riyal)	
	2023	2022
Advances, deposits and other receivables	119,404,518	153,663,343
Prepaid expenses	64,246,820	94,277,395
VAT receivable	46,241,500	8,139,667
Margin on letters of credits and guarantees	44,823,542	46,677,870
Security deposits	15,783,057	34,354,540
Receivable from credit card and wholesale	42,884,793	30,709,960
Employee receivables	22,702,648	21,670,646
Receivable from disposal of other investment (Note 11)	10,125,564	-
Receivable from human resources development fund	13,505,584	20,571,525
Custom refund receivable	8,990,391	14,008,185
Receivable from online market place	25,297,301	-
Other receivables	154,430,157	156,551,276
Total	568,435,875	580,624,407
Less: Non-current assets	(19,781,960)	(24,818,172)
Less: Expected credit loss	(5,083,164)	-
Net	543,570,751	555,806,235

15- RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent the main partners, members of the board of directors and the senior executive management of the Group and the companies in which they are major owners. Prices and terms related to these transactions are approved by the Group's management. All the related party transactions are conducted in the ordinary course of business. The following are the nature of significant transactions stated in consolidated statement of financial position and the details during the year/ period:

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Type of transaction:		
Dividends received from subsidiary settled through shareholders' account	1,655,034,994	-
Renting of retail and office space services rendered	951,364,148	116,768,242
Expenses paid on behalf	84,335,709	30,440,289
Property and equipment transferred	55,457,284	154,528,152
Investments in associates transferred	2,945,236	-
Employees' defined benefits obligation transferred	(1,969,941)	-
Intangible assets transferred	(22,037,250)	-
Services rendered	(123,105,005)	50,021,738
(Payments)/ receipts	(501,062,556)	1,784,662,733
Dividends settled through shareholders account	(1,404,900,430)	(2,017,543,309)
Investment at FVOCI transferred	-	857,328,116
Zakat transferred	-	(9,591,684)

The following is a summary of due from related parties that appear in these consolidated statement of financial position:

		(Saudi Riyal)	
Name of related party	Type of relationship	2023	2022
Shareholders	Shareholders	71,792,277	-
Sala Entertainment Company	Companies under common control	71,048,857	90,313,341
VogalCloset	Companies under common control	38,125,901	2,505,287
Abdul Mohsin Al Hokair Group for Tourism and Development	Companies under common control	24,116,051	16,177,998
Al Farida Trading Agencies	Equity accounted investees	16,786,501	12,034,959
Food and Entertainment Company Limited	Affiliate	14,879,252	14,573,964
Marakez Holding for Real Estate Company	Sister company	14,309,791	-
Tadaris Al Najd Security Company	Companies under common control	8,164,179	-
Majd Business Co. Ltd.	Companies under common control	5,244,635	47,670,205
FAS West to Energy	Sister company	2,539,023	1,668,664
Amwal Alkhaleej	Affiliate	2,271,205	2,271,205

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15- RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

The following is a summary of due from related parties that appears in these consolidated statement of financial position (Continued):

Name of related party	Type of relationship	(Saudi Riyal)	
		2023	2022
Ebthikar for Renewable Energy	Sister company	955,595	955,595
Solar Hold JSC AD Company	Affiliate	105,473	-
FAS First for Real Estate	Companies under common control	46,000	-
FAS Energy Ukraine	Sister company	24,875	24,875
KSB Company	Affiliate	21,890	-
FAS Construction Company	Affiliate	1,514	-
E- Commerce	Companies under common control	-	30,503,619
Sign Labs	Associate	-	1,067,000
Others	Other related parties	27,963,373	4,123,251
Total		298,396,392	223,889,963

The following is a summary of due to related parties that appears in these consolidated statement of financial position:

Name of related party	Type of relationship	(Saudi Riyal)	
		2023	2022
Lynx Contracting Company	Affiliate	1,276,594,193	382,508,188
Ezdihar Holding Company and its subsidiaries	Companies under common control	38,265,343	34,592,202
FAS Spain Company	Affiliate	10,927,357	3,717,825
Wonderful Meals Company	Affiliate	10,730,207	16,035,205
Al Farida Information Technology Company	Affiliate	500,000	500,000
Hajen Company	Affiliate	360,436	896,540
Kika (Home Furniture Company Limited)	Affiliate	500,000	500,000
Horizon Contracting Company	Sister company	130,000	130,000
Shareholders	Shareholders	-	134,580,018
Tadaris Al Najd Security Company	Companies under common control	-	1,163,114
Marakez Holding for Real Estate Company	Sister company	-	118,949
Others	Affiliate	7,303,123	-
Total		1,345,310,659	574,742,041

Transactions of executive management personnel compensation:

Compensation of the Group's executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits. Compensation and bonuses for executive management employees are as follows:

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Compensation to key management personnel	51,330,966	29,040,181
Board of Directors remuneration and compensation	3,292,750	26,749,885
Post-employment benefits	6,596,164	4,208,154
Total	61,219,880	59,998,220

16- ACCRUED REVENUES

Accrued revenue represents unamortized portion of lease incentives including discounts, rent free period and straight lining. It is presented in the consolidated statement of financial position as follows:

	(Saudi Riyal)	
	2023	2022
Accrued revenue – non-current portion	140,354,121	164,768,157
Accrued revenue – current portion	70,177,060	82,384,078
	210,531,181	247,152,235

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17- CASH AND CASH EQUIVALENTS

	(Saudi Riyal)	
	2023	2022
Cash at banks (A)	438,441,077	591,588,919
Cash on hand	21,854,069	52,955,602
Cheques under collection	-	231,323,093
Total	460,295,146	875,867,614

A. Cash at banks includes short-term cash deposits in a foreign bank amounting to SR 5,448,650 (2022: SR 10,451,419) with maturities date less than 3 months from the date of deposit. The interest income from these deposits for the year ended December 31, 2023 was SR 570,875 (ninth months period ended December 31, 2022: SR 779,846).

18- SHARE CAPITAL

The Company's capital amounted to SR 10,000,000, divided into 1,000,000 equal shares, the value of each shares is SR 10 distributed between the shareholders as follows:

	(Saudi Riyal)			
Shareholders name	Ownership Percentage	No. of shares	Value of shares	Total
Mr. Fawaz Abdulaziz Al-Hokair	31%	310,000	10	3,100,000
Mr. Salman Abdulaziz Al-Hokair	31%	310,000	10	3,100,000
Dr. Abdul Majeed Abdulaziz Al-Hokair	31%	310,000	10	3,100,000
Fawaz Abdulaziz Al-Hokair & Co. Holding Co.	3.5%	35,000	10	350,000
SAAF International Group Limited	3.5%	35,000	10	350,000
Total	100%	1,000,000		10,000,000

19- GENERAL RESERVES

In accordance with Company's By-laws, the Company is required to transfer 10% of its net profit each year to establish reserves until this reserve reaches 30% of its share capital.

20- OTHER RESERVES

Movement in other reserves is as follows:

	(Saudi Riyal)			
	Cumulative foreign currency translation reserve (A)	Cumulative actuarial gains	Unrealized gains on other investments	Total
Balance as of April 1, 2022	(479,270,438)	52,669,855	37,284,495	(389,316,088)
Transfer of foreign currency translation reserve to retained earnings on disposal of investments	129,941,316	-	-	129,941,316
Cumulative foreign currency translation differences	2,331,844	-	-	2,331,844
Re-measurements of employees' defined benefits obligations	-	3,520,131	-	3,520,131
Hedging gain	-	-	1,523,092	1,523,092
Movement of equity investments at FVOCI of Parent – net change in fair value	-	-	38,796,964	38,796,964
Transfer of fair value reserve to retained earnings on disposal of investments	-	-	(55,612,268)	(55,612,268)
Balance as of December 31, 2022	(346,997,278)	56,189,986	21,992,283	(268,815,009)
Cumulative foreign currency translation differences	(15,222,479)	-	-	(15,222,479)
Re-measurements of employees' defined benefits obligations	-	(2,978,428)	-	(2,978,428)
Hedging gain	-	-	(4,906,371)	(4,906,371)
Movement of equity investments at FVOCI of Parent – net change in fair value	-	-	(14,959,644)	(14,959,644)
Balance as of December 31, 2023	(362,219,757)	53,211,558	2,126,268	(306,881,931)

(A) Cumulative currency translation reserves represent exchange translation difference in respect of net investment in foreign operations of subsidiaries.

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21- LOANS AND BORROWINGS

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	18,035,662,491	17,610,177,072
Received during the year / period	1,124,500,386	816,767,768
Accrued finance cost rescheduled to a loan	229,893,149	-
Paid during the year / period	(1,356,704,725)	(391,282,349)
	18,033,351,301	18,035,662,491
Less: unamortized transaction cost	(131,448,671)	(161,797,578)
Deferred Sukuk premium	20,148,566	27,426,090
Balance as of end of the year / period	17,922,051,196	17,901,291,003
Short term borrowings	216,238,573	297,138,465
Current portion of long-term borrowings	6,854,141,215	4,299,939,764
Loans and borrowings – current liabilities	7,070,379,788	4,597,078,229
Loans and borrowings – non-current liabilities	10,851,671,408	13,304,212,774
Total	17,922,051,196	17,901,291,003

Facility-wise break-up of loans and borrowings alongwith terms is as follows:

		(Saudi Riyal)	
	Note	2023	2022
Islamic facility with local and international banks (murabaha)	A	11,856,940,986	12,015,163,770
Sukuk	B	5,121,936,210	5,156,200,000
Term-loan from local commercial banks	C	770,902,099	683,000,000
Banking facilities of GCC subsidiaries	D	145,684,436	-
Banking facilities of non GCC subsidiaries	E	64,739,292	-
Overdraft facilities with local banks		47,105,695	139,081,589
Financing against solar Plant Project	F	14,540,216	34,160,256
Islamic banking facilities of non - GCC subsidiaries	G	11,502,367	8,056,876
Total		18,033,351,301	18,035,662,491
Deferred Sukuk premium		20,148,566	27,426,090
Less: unamortised transaction cost	H	(131,448,671)	(161,797,578)
Net		17,922,051,196	17,901,291,003

A. Islamic facility with local and international banks (Murabaha)

Saudi FAS Holding Company

Saudi FAS Holding Company has entered into various Islamic and other facility arrangements amounting to SR 4.30 billion (December 31, 2022: SR 4.55 billion) with local and international banks. The borrowings are secured by a mortgage on specific asset, personal guarantees of the shareholders, portfolio of the shares in subsidiaries, demand promissory note and promissory notes. As per the agreements, the terms of the loans will be completed in the years from 2021 to 2031. These facilities carry mark up at SIBOR plus agreed margin

Fawaz Abdulaziz Al Hokair & Co.

Fawaz Abdulaziz Al Hokair & Co. signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SR 2.4 billion and USD 166 million on March 01, 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half-yearly installments commencing after 12 months from the date of signing the agreement. As at December 31, 2023, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.7% on loan tranche taken in SR and LIBOR + 3% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. As at December 31, 2023, there has been non-compliance of certain covenants on the outstanding facility.

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21- LOANS AND BORROWINGS (CONTINUED)

A. Islamic facility with local and international banks (Murabaha) (Continued)

Fawaz Abdulaziz Al Hokair & Co (continued).

The Murabaha commercial terms agreement between the Company and the lending banks mandates that the existing breach of the financial covenants existing breach of financial covenants and clean down conditions considered as an event of default which in turns allows the banks to declare the whole loan outstanding balance to be immediately due and accordingly as at March 31, 2021 the long-term loan balance of SR 2.25 billion has been reclassified to be part of the current liabilities on the consolidated statement of financial position. The Company requested the lenders to waive the breach of loans covenants more than once during the year to which the lenders did not agree. However, the lenders have agreed that any waivers of the breach of loan covenants will only be considered in light of successful implementation of Capital Restructuring Transaction, the prepayment of revolving Murabaha Facilities and the corresponding partial cancellation of commitments under the Revolving Murabaha Facilities. The Board of Directors in their meeting dated November 10, 2021 had resolved that the Company will proceed with the rights issue of SR 1 billion. On the board's recommendation, the shareholders through an extra-ordinary general meeting held on June 29, 2022 have approved the reduction of the share capital of the parent company to absorb the accumulated losses of SR 952 million as at December 31, 2021. The rights issue is yet to be approved by the shareholders.

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

Arabian Centres Company

Arabian Centres Company entered into a long-term Islamic facility arrangement amounting to SR 5.25 billion (equivalent USD 1,400 million), with local and international banks. This facility is divided into a Murabaha facility up to SR 500 million (maturing in 12 years), Ijara facilities up to SR 4 billion (maturing in 8 and 12 years), and Revolving Murabaha up to SR 750 million (maturing in 3 years). These facilities are fully utilized and partially repaid as at reporting date.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. In order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long- term loan.

The facilities are secured by pledges of insurance policies and proceeds of rental income as well as security over land and buildings of several malls with carrying amount of SR 6 billion.

During the year ended December 31, 2023 the Group borrowed an additional SR 200 million (nine- month period ended 31 December 2022: SR 575 million) from the existing Revolving Murabaha Facility.

During the year ended December 31, 2023, the Group also requested its lenders of long-term Islamic facility to waive the repayment of principal amounting to SR 85 million due on November 27, 2023 and restructure the existing facility. The lenders accepted the waiver request and the Group's long- term Islamic facility was restructured on February 13, 2024.

During the year ended December 31, 2023, the Group has drawn-down SR 508 million (period ended December 31, 2022: SR 63 million) from the facilities. The facility is non-recourse to the Company.

During the year ended December 31, 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1 billion with a local bank. The facility is non- recourse to the Company.

During the period ended December 31, 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank.

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

FAS Real Estate Company

FAS Real Estate Company has entered into an islamic facility amounting to SR 150 million with a local bank. Out of total 15 million has been repaid during the year. The borrowings are secured by a mortgage on specific asset, personal guarantees of the shareholders, portfolio of the shares in subsidiaries, demand promissory note and promissory notes. These facilities carry mark up at SIBOR plus agreed margin.

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21- LOANS AND BORROWINGS (CONTINUED)

A. Islamic facility with local and international banks (Murabaha) (Continued)

Alinma Dhahiat Al Riyadh Real Estate Fund

On November 30, 2020, the SPV of the Fund, on behalf of the Fund, entered into credit facility agreement limited to SR 1.6 billion to finance the purchase and development of the property inventory. As at December 31, 2022, SR 509 million represents the unused portion of the facility.

The borrowing arrangement carries a special commission rate of one-year SIBOR + 3.0% per annum with minimum of 5.75%, payable on an annual basis. The principal amount is repayable in full at the end of the term of financing arrangement, i.e., August 26, 2026.

The borrowing is secured against the pledge of title deed of the property inventory (Note 5).

During the period ended December 31, 2022, the Fund capitalized financial charges amounted to SR 93.688 million.

The borrowing arrangement principally includes financial covenants with respect to maintaining certain level of outstanding balance to land value ratio. As at December 31, 2022, the Fund was in compliance with its financial covenants.

B. Sukuk

Arabian Centres Company

On April 07, 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) issued a five and half-year International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2.43 billion), at a par value of USD 0.2 million each, annual yield of 5.625% payable semi-annually. On July 28, 2021, the Company issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million), at a premium of 4.75%. Sukuk Certificates may be subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate.

On November 20, 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) issued an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1.87 billion), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate.

C. Term-loan from Local Commercial Banks

FAS Hospitality Limited Company

The Group obtained loans from a local bank worth SR 683 million, according to the agreement, the period will be eleven years from the date of the first withdrawal. Profit margin as per SIBOR rate + 3% per annum and a minimum of 5.75% per annum. There is a grace period of two years from the date of the first withdrawal. The loan instalment will be repaid on an annual basis with unequal instalments starting from July 2024 and ending in October 2032.

During 2023, the Group rescheduled accrued finance cost by amount SR 87,902,099 which will be paid in 2024, and it's accepted by the lending bank.

The agreement is subject to debt arrangement costs of SR 6 million charged to Saudi FAS Holding. These facilities are guaranteed by a land mortgage to the Bank (note 5), a personal guarantee from Mr. Fawaz bin Abdulaziz Alhokair, Mr. Salman bin Abdulaziz Alhokair, Mr. Abdul Majeed bin Abdulaziz Alhokair, and Saudi FAS Holding Company

D. Banking facilities of GCC subsidiaries

Fawaz Abdulaziz Al Hokair & Co.

During 2023, the Group has obtained 2 new term loans from banks outside KSA to support their operations amounted to USD 15 million, USD 25 million dollars (equivalent to SR 56.2 million, and SR 93.7 million respectively).

E. Banking facilities of Non GCC subsidiaries

Fawaz Abdulaziz Al Hokair & Co.

During 2023, International subsidiaries has obtained 2 loans from banks outside KSA in their local currencies. One is a credit facility amount to SR 42.1 million and the second facility is a short-term loan amounting to SR 22.6 million.

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21- LOANS AND BORROWINGS (CONTINUED)

F. Financing against Solar Plant Project

FAS Energy for Trading Company

During 2019 and 2020, loan agreements were signed between a subsidiary and a foreign bank for the purpose of financing solar power station projects. The loan amounted to SR 108.75 million (USD 29,000,000) that will be repaid in 18 instalments. With a profit margin in addition to the Corridor rate. These loans are secured by insurance policies from the solar power station in the amount of SR 75 million (USD 20,000,000).

G. Islamic banking facilities of Non - GCC subsidiaries

Fawaz Abdulaziz Al Hokair & Co.

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

H. The movement in unamortized transaction cost is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	161,797,578	185,254,028
Additions during the year / period	10,500,000	5,118,750
Capitalized arrangement fees	(8,047,296)	(4,055,972)
Amortized during the year/ period (Note 32)	(32,801,611)	(24,519,228)
Balance as of ending of the year / period	131,448,671	161,797,578

22- DERIVATIVE LIABILITY / ASSET

As at December 31, 2023, the Group held Interest Rate Swaps ("IRS") of a notional value of SR 1.1 billion in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

			(Saudi Riyal)	
Description of the hedged items	Hedging instrument	Fair Value	2023	2022
Commission payments on floating rate loan	IRS	Positive	(31,600,110)	42,171,235

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group. The Group hold interest rate swaps to cover the variable interest rate exposures on its loans from financial institutions. The interest rate swap arrangement does not meet the qualifying hedging criteria as per IFRS 9 requirement and have therefore been carried at fair value through profit or loss.

One of the hedging instruments carried by the Group expired on May 31, 2023 with net amount being settled between the parties. Total amount of cash flow hedge reserve has been reclassified to statement of profit or loss amounting to SR 7,124,755 during the year ended December 31, 2023. The total income recognized against derivative assets amounted to SR 23.9 million for the year ended December 31, 2023 (ninth months period ended December 31, 2022: income of SR 5.5 million).

23- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The movement in the employees' defined benefits obligations for employees during the year / period is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	139,769,667	140,344,988
Current service costs	31,586,951	21,715,359
Finance cost	6,539,927	3,626,935
Actuarial remeasurement – OCI	3,483,304	(4,757,066)
Transfers to related parties	(1,969,941)	-
Transfer to liabilities held for sale (Note 36)	(7,235,890)	(3,098,551)
Paid during the year / period	(27,847,482)	(18,061,998)
Balance as of end of the year / period	144,326,536	139,769,667

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23- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

The following is the sensitivity analyses of the main actuarial assumptions:

	2023	2022
Discount rate	4.5%-5.4%	4.25% - 5.35%
Salary increase rate	3%-7%	3% - 5%
Duration of liability (in years)	60	60

Employees benefits sensitivity analyzes have been prepared based on the method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions that occur at the end of the financial year. Sensitivity analyzes are based on the change in the material assumption, holding all other assumptions held constant. Sensitivity analyzes may not be reflective of the actual change in the defined benefits obligation, nor is it likely that changes in assumptions will occur in isolation.

	2023		2022	
	%	(Saudi Riyal)	%	(Saudi Riyal)
Discount rate				
Increase	+1%	131,565,321	+1%	126,624,364
Decrease	-1%	157,409,744	-1%	153,369,138
Expected salary increase rate				
Increase	+1%	157,455,006	+1%	153,429,870
Decrease	-1%	131,322,709	-1%	126,362,988

Risks related to employees defined benefits obligations:

Risks of increasing salaries:

The most common type of retirement benefit is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:

Actual withdrawal risks that vary with valuation assumptions can pose risks to benefit obligations. The movement in commitment can be launched in both directions.

24- OTHER NON-CURRENT LIABILITIES

	(Saudi Riyal)	
	2023	2022
Tenants' security deposits	42,697,177	47,571,467
Payables to contractors	661,402	1,655,510
Obligation related to investments	-	18,165,537
Total	43,358,579	67,392,514

25- UNEARNED REVENUES

Unearned revenue represents cash received against services to be performed or goods to be delivered by the Group in the future. At the end of each accounting period, adjusting entries are made to recognize the portion of unearned revenue that has been earned during the year/ period.

26- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	(Saudi Riyal)	
	2023	2022
Accrued financial charges	441,373,494	380,073,025
Accrued expenses	268,522,075	232,462,935
VAT Payable	252,604,801	91,178,692
Sub-contractor's cost	176,816,352	193,060,702
Employees' salaries and benefits	128,546,825	112,766,522
Tenants security deposits	124,365,613	111,101,639
Deferred income from landlord	57,770,000	-
Obligation related to investment -current portion	42,596,384	48,843,797
Consignment margin	15,688,627	-
Royalty payable	13,430,023	-
Government duties	14,451,536	30,774,415
Provision for white land tax	1,551,478	1,621,478
Consignment margin	-	2,811,605
Others	33,830,078	21,949,779
Total	1,571,547,286	1,226,644,589

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27- ZAKAT AND TAX LIABILITIES

Zakat provision is calculated in accordance with the regulations issued by Zakat, Tax and Customs Authority (ZATCA). Amounts related to zakat and tax liabilities recognized in the consolidated statement of financial position is as follows:

	(Saudi Riyal)	
	2023	2022
Provision for zakat	226,667,243	173,278,396
Provision for income tax	17,995,832	19,604,778
	244,663,075	192,883,174

Amounts related to zakat and tax expenses recognized in the consolidated statement of comprehensive income is as follows:

	(Saudi Riyal)	
	2023	2022
Zakat expense	85,634,877	61,502,515
Income tax expense	24,579,102	15,268,540
Deferred tax expense	2,156,237	3,598,678
	112,370,216	80,369,733

Provision for zakat

The movement in the provision for zakat is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	173,278,396	185,446,721
Zakat charge current year / period	61,327,334	69,567,639
Zakat charge prior years – charge / (reverse)	24,307,543	(8,065,124)
Paid during the year / period	(32,246,030)	(35,137,480)
Transferred to related parties	-	(9,591,684)
Adjustments	-	(28,941,676)
Balance as of end of the year / period	226,667,243	173,278,396

Status of zakat assessments of the Company and its local subsidiaries is as follows:

Saudi FAS Holding Company

The zakat return of the Company was submitted by the shareholders of the Company on consolidation basis, including Saudi FAS Holding Company and its subsidiaries. However, despite the fact that the shareholders of the Company submit a consolidated zakat return, the Company's management calculates and records the zakat provision based on the Company's individual zakat base. The company did not recognize zakat provision due to negative zakat base. Final zakat certificate was obtained until December 31, 2022. The Company did not receive any assessments for the previous years.

Fawaz Abdulaziz Al Hokair & Company

Fawaz Abdulaziz Al Hokair & Company has filed its zakat returns with ZATCA for all years up to and including the year ended December 31, 2022. The zakat returns from year March 31, 2015 to March 31, 2022 are under review of ZATCA. The Company finalized zakat assessment for the year March 31, 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

Arabian Centres Company

The Group has submitted the zakat return up to the year ended December 31, 2022 but did not obtain the provisional zakat certificate. The zakat certificate expired on July 31, 2023. The Group has requested ZATCA for an installment plan to pay zakat which is currently under approval.

Until the year ended March 31, 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to the Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year March 31, 2016.

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27- ZAKAT AND TAX LIABILITIES (CONTINUED)

Provision for income tax

The movement in the provision for income tax is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	19,604,778	13,299,860
Current year income	24,579,102	15,268,540
Currency exchange difference	(2,448,234)	(5,351,926)
Paid during the year / period	(23,739,814)	(3,611,696)
Balance as of end of the year / period	17,995,832	19,604,778

Status of income tax assessments of foreign subsidiaries of Fawaz Abdulaziz Al Hokair & Company is as follows:

The income tax returns for subsidiaries in Egypt, Azerbaijan, Georgia Countries have been filed for all years until December 31, 2023 and for Jordan subsidiaries have been filed for all the years until December 31, 2022. For Kazakhstan and Armenia, the income tax returns have been filed up to December 31, 2022.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. As at December 31, 2023, there are no pending adverse assessments relating to income tax in any of the subsidiaries. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

Deferred tax:

The movement in the provision for deferred tax is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as of beginning of the year / period	13,419,580	15,287,169
Provision for the year/ period	2,156,237	3,598,678
Currency exchange difference	(339,302)	(5,366,691)
Paid during the year / period	-	(99,576)
Balance as of end of the year / period	15,236,515	13,419,580

28- REVENUES

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Apparels - <i>point in time</i>	4,195,742,000	3,400,544,329
Other retail sales - <i>point in time</i>	944,692,564	670,161,879
Food and beverages - <i>point in time</i>	401,477,712	368,034,506
Footwear & accessories - <i>point in time</i>	149,280,149	105,181,500
Total from sale of goods	5,691,192,425	4,543,922,214
Rental income – <i>over time</i>	1,733,851,498	1,267,484,494
Revenue from rendering of services – <i>over time</i>	259,830,553	173,296,200
Service charges, management charges and other expenses recoverable from tenants – <i>over time</i>	95,673,728	93,827,737
Turnover rent - <i>point in time</i>	64,170,896	38,941,267
Service concession arrangements – <i>point in time</i>	-	64,613,013
Commission income on provisions for utilities for heavy users, net	4,381,604	3,444,861
Others	2,161,201	1,670,352
Total	7,851,261,905	6,187,200,138

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29- COST OF REVENUES

	(Saudi Riyal)	
		For the period from April 1, 2022 to December 31, 2022
	2023	
Cost of goods sold	3,441,316,483	2,626,810,910
Employee salaries and other benefits	601,244,664	503,076,640
Utility expenses	172,290,093	166,082,169
Inventory provision (Note 12)	111,436,113	21,732,326
Rent expense	98,286,054	60,088,327
Cost of sales- energy	74,261,466	109,072,569
Fees and taxes	70,550,737	44,203,500
Cleaning expenses	70,079,400	53,740,463
Repairs and maintenance expense	64,286,446	43,102,756
Security expenses	63,701,951	45,941,136
Cost of services	54,880,412	42,078,286
Shipping expenses	42,049,721	34,948,879
Insurance	31,775,093	8,395,539
Losses on lease reassessment (Note 8)	14,711,849	34,863,300
Other expenses	147,763,386	48,853,606
Total	5,058,633,868	3,842,990,406

30- GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal)	
		For the period from April 1, 2022 to December 31, 2022
	2023	
Employees' salaries and related benefits	524,036,245	332,437,678
Legal and Professional fees	187,939,559	67,123,378
Travel and communication expenses	45,021,445	28,312,336
Advertising and publishing	28,402,291	8,198,262
Government fees and related charges	26,001,091	10,776,213
Rent expense	21,474,895	8,779,728
Stationery and supplies	20,266,929	6,155,346
Management expenses	12,000,000	9,000,000
Utilities and maintenance	11,650,439	8,602,555
Bank charges	9,583,632	3,594,722
Insurance	7,261,472	11,190,138
Others	123,273,735	78,691,958
Total	1,016,911,733	572,862,314

31- SELLING AND MARKETING EXPENSES

	(Saudi Riyal)	
		For the period from April 1, 2022 to December 31, 2022
	2023	
Advertising and promotions	113,274,098	102,099,381
Employees' salaries and related benefits	67,637,400	54,161,594
Bank charges	24,854,671	14,178,235
Others	39,788,527	27,409,975
Total	245,554,696	197,849,185

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32- FINANCE COST ON LOANS AND BORROWINGS

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Commissions- term loans	1,003,501,043	477,020,572
Amortization of transaction costs including write off (Note 21)	32,801,611	24,519,228
Bank charges for loan facilities	5,011,506	1,064,987
Other financing cost	3,767,799	191,783
Total	1,045,081,959	502,796,570

33- OTHER INCOME

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Loss on disposal of investment properties	238,668,127	(20,164,130)
Gain on sale of other investment	58,097,634	-
Gain on lease termination (Note 8)	17,914,728	5,003,665
Recovery of written off receivables	17,134,975	-
Gain from liquidation of right of use and lease liability	14,780,686	-
Rental concession for leases (Note 8)	8,812,430	26,254,275
Loss on transfer of lease liability and right of use held for sale	1,628,221	-
Commission income on bank deposits	1,208,939	-
Return on short term deposits (Note 17)	570,875	779,846
Loss on disposal of other intangible assets	(1,790,234)	-
Liquidation of investment in subsidiaries (Note 36)	(7,122,647)	13,382,572
Fund brokerage fees	(16,113,705)	-
Foreign currency exchange differences	(27,118,254)	3,009,529
Store closure losses	(52,669,632)	(14,230,201)
Write off of the HRDF balance	(33,139,485)	-
Reversal of other prepayments	(37,348,155)	-
Profit from sale of shares of subsidiaries	(96,132,840)	(11,993,647)
Written off property and equipment and intangibles	(196,587,234)	(14,232,653)
Accounts payable write off	-	2,711,250
Gain on disposal of investment in real estate fund (Note 11)	-	180,000
Impairment loss on advances to suppliers	-	(3,000,000)
Others	172,272,381	41,889,314
Total	63,066,810	29,589,820

34- COMMITMENTS AND CONTIGENCIES

	(Saudi Riyal)	
	2023	For the period from April 1, 2022 to December 31, 2022
Commitments relating to projects (Note 6&7)	0.67 billion	3.5 billion
Letter of guarantees	0.4 billion	0.64 billion
Letter of credits	0.44 billion	0.46 billion

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35- NON-CONTROLLING INTEREST (NCI)

	(Saudi Riyal)			
	Fawaz Abdulaziz Al Hokair & Co.	Arabian Centres Company and its Subsidiaries	Other material Subsidiaries	Total
As of December 31, 2023				
NCI Percentage	42.7%	30.35%		
Total assets	5,757,623,211	27,751,227,420	-	33,508,850,631
Total liabilities	6,563,929,419	13,439,259,317	-	20,003,188,736
NCI from the sub-subsidiaries (A)	(27,631,180)	40,491,288	56,915,741	69,775,849
Total net assets before NCI of Sub-subsidiaries	(778,675,028)	14,271,476,815	(56,915,741)	13,435,886,046
NCI from the subsidiary (B)	(332,259,241)	4,330,882,384	-	3,998,623,143
Total NCI from the subsidiaries and sub-subsidiaries (A+B)	(359,890,421)	4,371,373,672	56,915,741	4,068,398,992
 Total comprehensive income	(1,152,449,377)	1,490,818,363	-	338,368,986
NCI from the Sub-subsidiaries (A)	64,293,496	(14,000,387)	(10,121,705)	40,171,404
Total comprehensive income before NCI of Sub- subsidiaries	(1,216,742,873)	1,504,818,750	(10,121,705)	277,954,172
NCI from the subsidiaries (B)	(519,182,007)	456,658,628	-	(62,523,379)
Total NCI from the subsidiaries and sub-subsidiaries (A+B)	(454,888,511)	442,658,241	(10,121,705)	(22,351,975)
	(Saudi Riyal)			
	Fawaz Abdulaziz Al Hokair & Co.	Arabian Centres Company and its Subsidiaries	Other material Subsidiaries	Total
As of December 31, 2022				
NCI Percentage	31.48%	22.47%		
Total assets	7,153,519,262	25,876,858,984	-	33,030,378,246
Total liabilities	6,807,027,347	11,808,258,279	-	18,615,285,626
NCI from the sub-subsidiaries (A)	(92,125,951)	49,482,783	50,320,848	7,677,680
Total net assets before NCI of Sub-subsidiaries	438,617,866	14,019,117,922	(50,320,848)	14,407,414,940
NCI from the subsidiary (B)	138,055,965	3,150,068,644	-	3,288,124,609
Total NCI from the subsidiaries and sub-subsidiaries (A+B)	45,930,014	3,199,551,427	50,320,848	3,295,802,289
 Total comprehensive income	127,689,566	839,506,053	-	967,195,619
NCI from the Sub-subsidiaries (A)	541,744	5,085,525	(252,192)	5,375,077
Total comprehensive income before NCI of Sub- subsidiaries	127,147,822	834,420,528	(252,192)	961,316,158
NCI from the subsidiaries (B)	40,020,064	187,492,677	-	227,512,741
Total NCI from the subsidiaries and sub-subsidiaries (A+B)	40,561,808	192,578,202	(252,192)	232,887,818

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36- DISPOSAL OF SUBSIDIARIES AND ASSETS HELD FOR SALE

As at December 31, 2023

- A) On December 31, 2023, the Group disposed of its companies' operation in three countries: Balkan, Morocco, and United Kingdom. All assets and liabilities including intergroup balances relating to these operations have been written off on December 31, 2023.
- B) The assets and liabilities related to the 16 Fashion Brands (part of the KSA retail operating segment) are presented as held for sale as of December 31, 2023 following the Signing of Letter of Intent by the Company's management during 2023 with other local Retailor. The completion date for the transaction is Feb 08, 2024. The buyer is having an intention of carrying only Property and equipment and inventory. Liabilities relating to these brands will be settled by the Company.

Details of assets and liabilities of group disposed off and assets held for sale are as follows:

(Saudi Riyal)

	Disposal of subsidiaries (A)	Assets held for sale (B)	Total
ASSETS			
Property and equipment	8,127,939	56,935,760	65,063,699
Investment properties	-	209,924,358	209,924,358
Right of use assets	24,260,245	188,217,619	212,477,864
Other intangible assets	4,851,768	1,053,016	5,904,784
Inventories	4,212,768	57,679,113	61,891,881
Prepayments and other current assets	36,679,045	6,095,493	42,774,538
Cash and cash equivalents	2,117,553	-	2,117,553
TOTAL ASSETS	80,249,318	519,905,359	600,154,677
Liabilities			
Employee benefits	-	7,235,890	7,235,890
Lease liability	39,040,933	189,845,840	228,886,773
Accounts payable and accruals	34,085,738	71,115,148	105,200,886
	73,126,671	268,196,878	341,323,549
Net assets disposed	7,122,647	251,708,481	258,831,128

Profit and loss statement relating to these operations are as follows:

(Saudi Riyal)

	Disposal of subsidiaries	Assets held for sale	Total
Revenues	26,193,536	266,921,695	293,115,231
Cost of revenues	(42,343,342)	(275,396,747)	(317,740,089)
Gross profit	(16,149,806)	(8,475,052)	(24,624,858)
Other operating income	6,021,649	1,735,362	7,757,011
Selling and distribution expenses	(150,832)	(7,720,307)	(7,871,139)
General and administrative expenses	(4,508,587)	-	(4,508,587)
Depreciation on property and equipment	(1,310,477)	(8,589,453)	(9,899,930)
Amortization on intangible assets	-	(331,818)	(331,818)
Other operating expense	(2,849,466)	20,525	(2,828,941)
Operating Profit/(loss)	(18,947,519)	(23,360,743)	(42,308,262)
Finance costs	(1,571,360)	(10,523,540)	(12,094,900)
Profit before zakat and income tax	(20,518,879)	(33,884,283)	(54,403,162)
Zakat and Income tax expense	(147,554)	-	(147,554)
Loss for the year	(20,666,433)	(33,884,283)	(54,550,716)

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36- DISPOSAL OF SUBSIDIARIES AND ASSETS HELD FOR SALE (CONTINUED)

As at December 31, 2022:

- A) On October 1, 2022, the Group disposed of its two of the subsidiaries, Azal Restaurants Company and First Pizza Company under food and beverage segment. The results from the operations of disposed of entities have been added line by line in the consolidated Statement of comprehensive income and its related notes until October 1, 2022 i.e., the date of disposal.
- B) During the nine-month period ended December 31, 2022, the Group sold its 100% equity interest in two subsidiaries to related party and accordingly these have been deconsolidated from the date of disposal, August 14, 2022. There were no operations in these subsidiaries.
- C) During the period 2022, the shareholders of Company decided to dispose-off investment in Al Farida Information Technology Group.
- D) Assets held for sales amounted to SR 405,880,057 related to investment properties of one the group subsidiaries, which has been disposed during the year ended December 31, 2023.

Details of assets and liabilities of group disposed of and resulting gain are as follows:

	(Saudi Riyal)			
	Group subsidiaries of			
	Fawaz Abdulaziz Al Hokair & Co.	Arabian Centres Company and its Subsidiaries	Saudi FAS Holding	
<u>As at date of disposal</u>	(A)	(B)	(C)	Total
ASSETS				
Investment properties	-	557,480,304	-	557,480,304
Property and equipment	28,072,452	-	-	28,072,452
Right of use assets	62,364,059	-	-	62,364,059
Inventories	2,033,027	-	-	2,033,027
Due from related party	-	2,293,125	500,000	2,793,125
Prepayments and other current assets	3,697,440	-	-	3,697,440
Cash and cash equivalents	8,011,588	-	-	8,011,588
TOTAL ASSETS	104,178,566	559,773,429	500,000	664,451,995
Liabilities				
Employee benefits	3,098,551	-	-	3,098,551
Lease liability	65,171,864	558,955,429	-	624,127,293
Accounts payable and accruals	34,454,524	78,100	82,767	34,615,391
Due to related parties	-	-	119,697	119,697
	102,724,939	559,033,529	202,464	661,960,932
Net assets disposed	1,453,627	739,900	297,536	2,491,063
Share of non-controlling interest	373,901	-	-	373,901
Group's share of net assets	1,827,528	739,900	297,536	2,864,964
Goodwill disposed off (Note 9)	9,800,000	-	-	9,800,000
Net book value	11,627,528	739,900	297,536	12,664,964
Consideration for disposal	25,000,000	750,000	297,536	26,047,536
Gain on disposal of subsidiaries	13,372,472	10,100	-	13,382,572
Loss from discontinued operations and assets held for sale	(33,420,545)	-	-	(33,420,545)

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37- FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Commission rate risk
- Currency risk
- Equity price risk
- Capital management risk

This note shows information about the Group's exposure to each of the above risks, the Group's objectives, policies and methods for measuring and managing risks.

GENERAL FRAMEWORK FOR RISK MANAGEMENT

The overall responsibility for the preparation and monitoring of risk management rests with the Group's management. The Group's risk management policies are designed to identify and analyze the risks faced by the Group and to set appropriate controls and limits on the extent of exposure to those risks and then monitor them to ensure that the limits set are not exceeded. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Group's management aims, through training, standards and procedures set by the management, to develop a constructive and organized control environment so that each employee understands his role and the duties assigned to him.

CREDIT RISK

Credit risk represents the inability of one party to meet its obligations, which leads to the other party incurring a financial loss. The Group's policy states that all customers who wish to deal on a deferred basis are subject to a credit check. Financial instruments that are subject to concentration of credit risk mainly consist of cash at bank. The Group deposits cash with a number of financial institutions with good credit rating, and it has a policy based on setting limits on its deposited balances with each financial institution. The Group does not believe that there are significant risks from the inefficiency of these institutions and the Group does not consider itself exposed to concentrations of credit risks with respect to debtors due to the diversity of its customer base working in various activities and located in multiple regions.

Amounts due from related parties

An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (Note 16). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to amounts due from related parties as low, as majority of the related parties are owned by the same shareholders directly or indirectly.

Trade receivable, accrued revenue and other financial assets

Customers are evaluated according to the Group's standards before entering into service contracts. The Group does not believe that there is a significant risk of inefficiency of these institutions and does not consider itself exposed to credit risk concentrations in relation to debtors due to the diversity of its customer base operating in various activities and located in multiple regions.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost.

The key inputs into the measurement of ECL are the following variables:

- Probability of default ("PD") using statistical model (i.e. normal distribution curve)
- GDP of KSA, as a macroeconomic variable to adjust the historic loss rate

The maximum credit risk to which the Group is exposed is represented by the value of the financial assets listed in the consolidated statement of financial position as follows:

	(Saudi Riyal)	
	2023	2022
Due from related parties	298,396,392	223,889,963
Trade receivables	424,309,329	456,002,267
Cash at banks	432,992,427	812,460,593
Accrued revenues	210,531,181	247,152,235
Other current assets	338,860,839	286,005,799
Total	1,705,090,168	2,025,510,857

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37- FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Liquidity risk represents the difficulty that the Group faces in raising funds to meet commitments related to financial instruments. Liquidity risk can result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group's conditions of sale stipulate that the amounts are to be paid in cash upon supply of the goods or on a deferred basis. The contractual maturities of non-derivative financial liabilities are as follows:

As of December 31, 2023	(Saudi Riyal)			
	Book value	Contractual Cash flows	Less than a year	More than a year
Loans and borrowings	17,922,051,196	17,922,051,196	7,070,379,788	10,851,671,408
Lease liabilities	3,874,744,761	3,874,744,761	908,054,086	3,085,753,453
Due to related parties	1,345,310,659	1,345,310,659	1,345,310,659	-
Trade payables	1,019,995,598	1,019,995,598	1,019,995,598	-
Accrued expenses and other current liabilities	1,571,547,286	1,571,547,286	1,571,547,286	-
Total	25,733,649,500	25,733,649,500	11,915,287,417	13,937,424,861

As of December 31, 2022	(Saudi Riyal)			
	Book value	Contractual Cash flows	Less than a year	More than a year
Loans and borrowings	17,901,291,003	17,901,291,003	4,597,078,229	13,304,212,774
Lease liabilities	3,874,744,761	3,874,744,761	757,195,906	3,117,548,855
Due to related parties	574,742,041	574,742,041	574,742,041	-
Trade payables	917,482,068	917,482,068	917,482,068	-
Accrued expenses and other current liabilities	1,226,644,589	1,226,644,589	1,226,644,589	-
Total	24,494,904,462	24,494,904,462	8,073,142,833	16,421,761,629

Liquidity risk is monitored on regular basis and to ensure adequate funding, bank facilities and other credit facilities to fulfill the Group's future obligations.

MARKET RISK

Market risk is the risk of Change in the value of financial instruments as a result of changes in market prices. Market risk includes four types of risk: commission price risk, currency risk and other price risk such as equity price risk and real estate risk.

COMMISSION RATE RISK

Commission rate risk represents the risk that the value of financial instruments will fluctuate due to changes in the commission rates prevailing in the market. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities as of December 31, 2023 and December 31, 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. The maximum exposure in material subsidiaries is as follows:

Fawaz Abdulaziz Al Hokair & Company:

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and Sukuk amounting to SR 2,932 million at 31 December 2022 (31 March 2022: SR 2,932 million) bear financing commission charges at the prevailing market rates. the group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts.

Sensitivity analysis

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

	2023		2022	
	Basis points	Effect on income (Saudi Riyal)	Basis points	Effect on income (Saudi Riyal)
Commission rate				
Increase	+30	(3,250,843)	+30	(6,370,776)
Decrease	-30	3,250,843	-30	6,370,776

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37- FINANCIAL RISK MANAGEMENT (CONTINUED)

COMMISSION RATE RISK (CONTINUED)

Arabian Centres Company

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Groups profit before zakat (through the impact on floating rate borrowings):

	(Saudi Riyal)	
	2023	2022
Floating rate debt:		
SIBOR/LIBOR +100bps	3,250,843	(24,443,708)
SIBOR/LIBOR -100bps	3,250,843	24,443,708

CURRENCY RISK

Currency risk represents the risks resulting from the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. The management monitors fluctuations in foreign exchange rates and believes that the Group is not exposed to significant currency risks.

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

	(Saudi Riyal)	
	2023	2022
Foreign currency exposures		
EUR	(57,864,975)	(50,515,697)
USD	(43,294,306)	(54,533,287)
GBP	(1,653,645)	(951,724)
UAE Dirham	(580,913)	(1,199,899)
SGD	(1,188,617)	(2,273,880)

EQUITY PRICE RISK

The Group is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Group's equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SR 5.9 million (December 31, 2022: SR 224 million). A decrease of 1% on the market value could have an impact of approximately SR 0.059 million (March 31, 2022: SR 2.24 million) on the equity attributable to the Group, depending on whether the decline is significant or prolonged.

CAPITAL MANAGEMENT RISK

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

The Group's objectives when managing capital are:

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

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38- FAIR VALUE

As the Group's financial instruments are compiled under the historical cost convention, except for financial assets designated as equity securities at FVOCI which are carried at fair values, differences can arise between the book values and fair value estimates.

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

As of December 31, 2023	(Saudi Riyal)				
	Carrying amount	Level 1	Level 2	Level 3	Total
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development Co	74,189,014	-	-	74,189,014	74,189,014
Khomasiat Taibah Limited Group	50,129,379	-	-	50,129,379	50,129,379
Yanbu Real Estate Group	68,259,597	-	-	68,259,597	68,259,597
Audacia Capital	6,469,382	-	-	6,469,382	6,469,382
Depa Limited	5,774,223	5,774,223	-	-	5,774,223
Akwaan Properties	898,667	-	-	898,667	898,667
Total	205,720,262	5,774,223	-	199,946,039	205,720,262
FVTPL – instruments					
Al Jawhara Real Estate Fund	81,576	-	-	81,576	81,576
	81,576	-	-	81,576	81,576
Others					
Riyadh SR Diversified Trade Fund	303,026,022	303,026,022	-	303,026,022	303,026,022
	303,026,022	303,026,022	-	303,026,022	303,026,022
Total	508,827,860	308,800,245	-	503,053,637	508,827,860

As of December 31, 2022	(Saudi Riyal)				
	Carrying amount	Level 1	Level 2	Level 3	Total
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development Co	92,931,479	-	-	92,931,479	92,931,479
Khomasiat Taibah Limited Group	64,933,400	-	-	64,933,400	64,933,400
Yanbu Real Estate Group	68,259,597	-	-	68,259,597	68,259,597
Hesfera GmbH	7,759,966	-	-	7,759,966	7,759,966
Audacia Capital	6,178,609	-	-	6,178,609	6,178,609
Azizia Panda United Company	2,614,099	-	-	2,614,099	2,614,099
Depa Limited	6,220,619	6,220,619	-	-	6,220,619
Akwaan Properties	898,667	-	-	898,667	898,667
Total	249,796,436	6,220,619	-	243,575,817	249,796,436
FVTPL – instruments					
Al Mubarak Real Estate Income Fund-II	217,125,564	-	-	217,125,564	217,125,564
Al Jawhara Real Estate Fund	1,159,414	-	-	1,159,414	1,159,414
Total	218,284,978	-	-	218,284,978	218,284,978
Others					
Derivative assets	42,171,235	-	42,171,235	-	42,171,235
	42,171,235	-	42,171,235	-	42,171,235
Total	510,252,649	6,220,619	42,171,235	461,860,795	510,252,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

38- FAIR VALUE (CONTINUED)

Measurement of fair values:

The following tables show the valuation techniques and significant unobservable inputs:

<u>Type</u>	<u>Valuation technique and significant unobservable inputs</u>
Equity securities at FVOCI	The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate was lower (higher).
Investment properties	Independent third parties named “Valustrat Consulting” have performed the valuation of the investment properties using the comparative approach. This method requires the collection of comparative market transactions that have occurred within the location of the subject site. Upon analysis and subsequent subjective adjustments, such evidence has then been applied to the subject property. The Valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations and prepared in accordance with Royal Institution of Chartered Surveyors (“RICS”) Professional Standards (2017) (“Standards”) which comply with the international valuation standards.
Derivative assets	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

40- DIVIDENDS

As on December 31, 2023, the shareholders decided to distribute dividends with a total amount of SR 1,404,900,430.

As on December 31 2022, the shareholders decided to distribute dividends with a total amount of SR 2,017,543,309.

41- SUBSEQUENT EVENTS

The following are the material subsequent events as of date of these consolidated financial statements:

- On February 01, 2024, the Group signed an agreement to sell Sahara Plaza to Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital) at an agreed consideration of SR 200 million. The legal title of the property will be transferred to the Alistithmar Capital within 45 days from the agreement date On February 05, 2024, the Group resolved to liquidate one of its subsidiaries Derayah Destination Arabia Diversified Fund. The liquidation is currently under progress
- With reference to the Group’s announcement on Jumada Al Awwal 05, 1445 corresponding to December 07, 2023, subsidiary of Cenomi Retail announces the completion of the share purchase agreement for Innovative Outfit Trading Company, after obtaining the necessary approvals and completing the agreed upon commercial and regulatory conditions.
- On March 25, 2024, the Board of Directors resolved to distribute dividends for the second half of the period ended December 31, 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividends will be paid on April 16, 2024.
- On February 13, 2024, after negotiation that between the Group and its lenders that concluded, the entire long-term Islamic facility was restructured. The company secured SR 525 billion in Shariah-compliant facilities with improved terms from a syndicate of banks The funds have been applied to repay existing facilities as of December 31, 2023. The facilities include a revolving Murabaha facility and two term Murabaha tranches, all linked to sustainability targets. These targets focus on reducing carbon emissions increasing grid connectivity, and enhancing female representation in leadership roles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

41- SUBSEQUENT EVENTS (CONTINUED)

- On March 06, 2024, the Group completed the offering of its Shari ah compliant Sukuk amounting to USD 500 million. The proceeds from the issuance shall be used to refinance the Group's 2019 Sukuk which are due to mature in November 2024. On March 12, 2024 the Group concluded an additional private placement offering of supplementary Sukuk valued at \$100 million. This additional issuance is part of the \$500 million Sukuk launched on March 6, 2024, set to mature in 2029.
- Arabian centres company announces the redemption of the remainder of its international sukuk due on November 26, 2024 which is listed on The International Stock Exchange and has been issued on Rabi Al Awwal 29, 1441 (corresponding to November 11, 2019) and with that the Company completes the full redemption of the issuance.
- Subsequent to year end, the board of directors of the Group decided to establish a real estate development fund owned by the company ("fund") and transfer the investment property in muzdalfa land to the fund for further development. the fund will be managed by a cma-licensed asset management company.
- Fawaz Abdulaziz Alhokair & company, Groups' subsidiary the pioneering retail brand partner of choice in Saudi Arabia and international markets, announces its entry into uzbekistan which represents the eleventh international market for cenomi retail a promising market with potential growth bringing the integration of fashion innovation and fashion forward collection to satisfy increasing consumer demand in uzbekistan.
- Arabian centres company the number one owner, operator and developer of retail and lifestyle destinations in Saudi Arabia on October 7, 2024, has executed a strategic partnership with gib capital (gibc), a prominent player in the financial and investment services sector to establish a closed-end shariah-compliant real estate investment fund with initial capital of SR 1 billion.
- Fawaz Abdulaziz Alhokair & Co Groups' subsidiary, the pioneering retail brand partner of choice in Saudi Arabia and international markets, has signed a variation agreement of the Share Purchase Agreement dated rajab 07, 1444 (corresponding to February 02, 2023) with Abdullah Al-Othaim Fashion Company, a fully owned subsidiary of Abdullah Al-Othaim Investment Company (Al Othaim) to sell the franchise rights for an additional 5 Brands: Aldo & Aldo Accessories , Charles & Keith , Pedro and La Vie En Rose, operated by Cenomi Retail and their related assets.
- Subsequent to year end, as on March 31, 2024 Fawaz Abdulaziz Alhokair Co. Announces Board's Recommendation to Decrease the Company's Capital and Board Approval of a program to sell non-essential brands.
- As of October 08, 2024, Fawaz Abdulaziz Alhokair Co.(Cenomi Retail) announces the opening of 12 new Subway branches across the Kingdom in one day, and achieving a new world record.
- Subsequent to year-end as on October 14, 2024, Cenomi Retail announces the opening of a new Zara store in one of Baku's leading malls, Crescent Mall, thus expanding its Inditex portfolio, for a total of 7 store openings in 2024 to date.

42- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements approved by the Board of Directors on Sha'ban19, 1446 H (Corresponding to February 18, 2025)