

Jamjoom Fashion Trading
(A Single Shareholder Closed Joint Stock Company)

Consolidated Financial Statements

For the year ended 30 September 2024

Jamjoom Fashion Trading

(A Single Shareholder Closed Joint Stock Company)

Consolidated Financial Statements

For the year ended 30 September 2024

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Independent Auditor's Report

To the Shareholders of Jamjoom Fashion Trading - A Single Shareholder Closed Joint Stock Company
(continued)

Impairment of non-financial assets

Refer to note 3 to the consolidated financial statements for the material accounting policy, note 4 and note 6 for the critical accounting estimates and assumptions of **Impairment of non-financial assets**.

The key audit matter	How the matter was addressed in our audit
<p>As at September 30, 2024, the Group has property and equipment of Saudi Riyals 221.6 million and intangible assets of Saudi Riyals 8.7 million (collectively referred to as "non-current assets").</p> <p>Management identifies the cash-generating units ("CGUs") and at each reporting date assesses whether there are any events or changes in circumstances ("impairment indicators") which may indicate that the carrying amount of the CGUs may not be recoverable. If any impairment indicators are identified, management performs a detailed impairment assessment and compares recoverable amounts of the respective CGUs against their carrying amounts.</p> <p>For the purpose of the accompanying consolidated financial statements for the year ended 30 September 2024, management considered the decline in the CGU's operating profits as an impairment indicator. Accordingly, management performed a detailed impairment assessment as at 30 September 2024.</p> <p>Management estimated the value-in-use of each CGU as the recoverable amount based on the approved business plan. Management has also discount rate and revenue as key assumption.</p> <p>In addition, management also performed sensitivity analysis over key assumptions used in the value-in-use calculations to assess the potential impact of a range of possible outcomes on the recoverable amounts and has accordingly disclosed the results in the accompanying consolidated financial statements along with the other required disclosures.</p> <p>Management has concluded that the recoverable amounts of all of the Group's CGUs were higher than their respective carrying amounts, and accordingly, there was no impairment loss incurred for the year ended 30 September 2024.</p> <p>We considered this as a key audit matter due to the inherent estimation uncertainty and significant judgment and subjectivity around assumptions used to determine the forecasted cash flows and discount rate for the assessment of the recoverable amounts.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the reasonableness of management's identification of the Group's CGUs. • Evaluated management's assessment of the identification of impairment indicators, including the conclusions reached. • Evaluated the design and implementation of controls over the impairment assessment process. • Tested the mathematical accuracy of the underlying calculations. • Tested the accuracy and appropriateness of the input data used by management. • Engaged our internal valuation experts to: <ul style="list-style-type: none"> a) Assess the appropriateness of the methodology used by management to estimate the recoverable amounts of the CGUs; and b) Assess the reasonableness of discount rate. • Assessed the potential impact of a range of possible outcomes by performing sensitivity analyses over key assumptions in the discounted cash flow model. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements



Independent Auditor's Report

To the Shareholders of Jamjoom Fashion Trading - A Single Shareholder Closed Joint Stock Company
(continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable requirements of the Regulations for Companies and 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Independent Auditor's Report

To the Shareholders of Jamjoom Fashion Trading - A Single Shareholder Closed Joint Stock Company (continued)

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

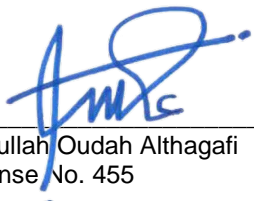
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 of Jamjoom Fashion Trading - A Single Shareholder Closed Joint Stock Company and its subsidiaries.

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

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

KPMG Professional Services



Abdullah Oudah Althagafi
License No. 455



Jeddah, 9 January 2025
Corresponding to 9 Rajab1446H

Jamjoom Fashion Trading

(A Single Shareholder Closed Joint Stock Company)

Consolidated statement of financial position

At 30 September 2024

	Notes	2024 SR 000	2023 SR 000
Non-current assets			
Property and equipment	6	221,623	192,090
Intangible assets	7	8,708	1,390
Total non-current assets		230,331	193,480
Current assets			
Inventories	8	116,133	113,884
Prepayments and other receivables	9	35,962	36,942
Due from shareholder	18	29,196	-
Cash and cash equivalents	10	7,961	1,113
Total current assets		189,252	151,939
Total assets		419,583	345,419
Equity			
Share capital	17	500	500
Other reserve	17	78,978	78,978
Retained earnings		30,260	-
Total equity		109,738	79,478
Non-current liabilities			
Employment benefits	11	43,303	30,472
Lease liabilities	12	43,801	22,360
Loans and borrowings	13	727	2,179
Other non-current liabilities	28	3,769	-
Total non-current liabilities		91,600	55,011
Current liabilities			
Loans and borrowings	13	52,663	44,955
Lease liabilities	12	73,286	74,591
Trade and other payables	14	53,650	32,293
Accrued expenses and other liabilities	15	36,116	9,814
Due to shareholder	18	-	44,765
Zakat and income tax accrual	16	2,530	4,512
Total current liabilities		218,245	210,930
Total liabilities		309,845	265,941
Total liabilities and equity		419,583	345,419

These consolidated financial statements on pages 5 - 49 were approved by the Directors on 9 January 2025.

Kamal Osman Jamjoom

Kamal Osman Jamjoom
Chairman of the Board

Stephen Holbrook

Stephen Holbrook
Chief Executive Officer

Scott Brian Bisset

Scott Brian Bisset
Chief Financial Officer

Jamjoom Fashion Trading

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2024

	Notes	2024 SR 000	2023 SR 000
Revenue	20	612,246	565,650
Cost of sales		(191,187)	(187,249)
Gross profit		421,059	378,401
Selling and marketing expenses	21	(278,428)	(261,394)
General and administrative expenses	22	(27,920)	(25,424)
Other operating expenses	23	(23,808)	(17,850)
Operating profit		90,903	73,733
Financial charges	24	(8,493)	(7,817)
Other income	25	3,119	3,260
Net profit before Zakat and income tax expense		85,529	69,176
Zakat and income tax expense	16	(3,581)	(4,569)
Net profit after Zakat and income tax expense		81,948	64,607
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	11	(1,688)	-
Total comprehensive income for the year		80,260	64,607
Earnings per share (EPS):			
Basic and diluted, net profit for the period attributable to ordinary shareholders (in Saudi Riyals)		1,638.96	1,292.14

These consolidated financial statements on pages 5 - 49 were approved by the Directors on 9 January 2025.

Jamjoom Fashion Trading

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Consolidated statement of cash flows

For the year ended 30 September 2024

	Notes	2024 SR 000	2023 SR 000
Cash flows from operating activities			
Net profit before Zakat and income tax expense for the year		85,529	69,176
Adjustments for:			
Depreciation – right-of-use assets	6	91,218	86,762
Depreciation	6	22,924	24,293
Loss on disposal of property and equipment	6	122	441
(Gain) / loss on derecognition of right-of-use assets		(2,259)	4,198
Amortisation	7	410	554
Financial charges – Loan interest	24	4,449	4,467
Financial charges – Lease interest	24	3,927	3,454
Provision for employment benefits	11	3,901	4,250
		210,221	197,595
Working capital changes			
Inventories		(2,249)	22,997
Prepayments and other receivables		980	5,291
Trade and other payables		21,357	5,443
Due to shareholder		(64,120)	(135,444)
Other non-current liability	28	3,769	-
Accrued expenses and other liabilities		26,302	(11,478)
		196,260	84,404
Zakat and income tax paid	16	(5,563)	(57)
Employment benefits paid	11	(2,599)	(3,021)
Net cash generated from operating activities		188,098	81,326
Cash flows from investing activities			
Acquisition of property and equipment	6	(32,268)	(30,780)
Acquisition of intangible asset	7	(7,728)	(316)
Proceeds from sale of property and equipment		-	6
Net cash used in investing activities		(39,996)	(31,090)
Cash flows from financing activities			
Proceeds from loans and borrowings	13	137,260	47,134
Payment of principal portion of loans and borrowings	13	(131,004)	-
Payment of interest portion of loans and borrowings	24	(4,449)	(4,467)
Proceeds from issue of share capital		-	500
Dividends paid	17	(50,000)	-
Payment of principal portion of lease payments	12	(89,134)	(89,949)
Payment of interest portion of the lease payments	12	(3,927)	(3,454)
Net cash used in financing activities		(141,254)	(50,236)
Net increase in cash and cash equivalents during the year		6,848	-
Cash and cash equivalents at the beginning of the year		1,113	1,113
Cash and cash equivalents at the end of the year	10	7,961	1,113

These consolidated financial statements on pages 5 - 49 were approved by the Directors on 9 January 2025.

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Consolidated statement of changes in equity

For the year ended 30 September 2024

	Share capital SR 000	Other reserve SR 000	Retained earnings SR 000	Total SR 000
Balance at 1 October 2022	-	-	78,978	78,978
Capital contribution as at 23 June 2023	500	-	-	500
Net profit for the year	-	-	64,607	64,607
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	64,607	64,607
Transactions with shareholders directly recorded in equity				
Dividends (Note 17)	-	-	(64,607)	(64,607)
Transfer to other reserve (Note 17)	-	78,978	(78,978)	-
At 30 September 2023	500	78,978	-	79,478
Net profit for the year	-	-	81,948	81,948
Other comprehensive income for the year	-	-	(1,688)	(1,688)
Total comprehensive income for the year	-	-	80,260	80,260
Transactions with shareholders directly recorded in equity				
Dividends (Note 17)	-	-	(50,000)	(50,000)
At 30 September 2024	500	78,978	30,260	109,738

These consolidated financial statements on pages 5 - 49 were approved by the Directors on 9 January 2025.

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Notes to the consolidated financial statements

For the year ended 30 September 2024

1 Reporting Entity

Jamjoom Fashion Trading – Saudia Arabia (the “Company”), a Single Person Joint Stock Company incorporated in the Kingdom of Saudi Arabia under the Commercial Registration No. 4030515435 dated 1444H, Dhu al-Hijjah, 04 (22 June 2023).

The principal activities of Jamjoom Fashion Trading and its subsidiaries (the “Group”) are the retail of fashion and intimate apparel. The Group has 215 (2023: 227) stores in the Kingdom of Saudi Arabia and the Gulf Cooperative Council (GCC) which are registered with the relevant authorities in the respective countries. At 30 September 2023, the Group’s parent entity is Kamal Osman Jamjoom Trading LLC (“KOJ”), however, the ultimate controlling party is Mr. Kamal Osman Jamjoom.

Shareholding

Kamal Osman Jamjoom Trading LLC 100%

The registered address of the Company is 7051 Prince Sultan – As Salamah Dist., Unit No 1105, Jeddah 23525 – 2661, Short Address JEMA7051, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include assets, liabilities, results of the operations and the cash flows of the following subsidiaries:

Name of entity	Country of incorporation	Effective holding of the Group	Principal activities
Jamjoom Fashion Trading SPJSC Dubai branch	UAE	100%	Support services
Jamjoom Fashion Trading LLC	UAE	100%	Retail
Jamjoom Fashion Trading SPC	Oman	100%	Retail
Nayomi Trading WLL**	Qatar	100%	Retail
Jamjoom Fashion Company for the retail sale of ready-made clothes and children’s items (a one-person company).	Kuwait	100%	Retail
Jamjoom Fashion Trading WLL	Bahrain	100%	Retail
Jamjoom Fashion Support Services Philippines Inc.	Philippines	100%	Support services

For further details about the above-mentioned subsidiaries, please refer to Note 29.

**Links Management Services LLC, a Company based in Qatar, holds shares in this subsidiary for the beneficial interest of the Company.

Jamjoom Fashion Trading

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Notes (continued)

2 Basis of preparation

Statement of compliance

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

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept, unless stated otherwise.

Comparative financial information

The comparative financial information have been prepared for the specific purpose of presenting the comparative results of Jamjoom Fashion Trading and its subsidiaries, prior to the start of operation of the entity on 1 October 2023. However, the company was legally formed in 22 June 2023. The results included in this report are directly extracted from Kamal Osman Jamjoom Trading LLC and its subsidiaries, and are attributable to Jamjoom Fashion Trading and its subsidiaries.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is the Group's presentation currency. All financial information presented in SR has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected by the revision.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4.

Jamjoom Fashion Trading

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Notes (continued)

3 Material accounting policies

The Group has consistently applied the following material accounting policies to all periods presented in these financial statements.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 October 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted on the accounting policy information disclosed in certain instances.

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain the benefits from the activities.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Intangible assets and goodwill

Intangible assets are recorded at fair value at the date of acquisition and amortised over their assessed economic useful life.

Identifiable intangible assets which fall within the definitions of IFRS 3, are recorded separately at their respective fair value. Examples of identifiable intangible assets include but not limited to, franchise agreement rights, intrinsic value of store locations, customer databases and loyalty programs. Valuation methods include multi-period discount cash flow modelling and market data analytics. Economic useful life assessment is conducted on each of the asset types separately and can range between specific finite and indefinite periods. In instances where the Group assesses an indefinite period is appropriate, the justification will be reviewed annually for impairment testing.

Jamjoom Fashion Trading

(A Single Shareholder Closed Joint Stock Company)

Notes (continued)

3 Material accounting policies (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In the case of subsidiaries acquired via common control business combination transactions, the acquired net assets are presented from the beginning of the earliest period in the consolidated financial statements pertaining to the year in which the acquisition is completed.

Transactions eliminated on consolidation

Intra-company balances and transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Acquisition/disposal of entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the Group are accounted for using book values of the entities on the date of acquisition/transfer of interest in these entities. Any gain or loss arising out of these transfers is recognised directly in retained earnings.

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Jamjoom Fashion Trading

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Notes (continued)

3 Material accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances as well as other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Group without any restrictions, except for funds held on security for loan repayments.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost includes purchase price, import duties, nonrefundable taxes, transport and handling costs and any other directly attributable costs less trade discounts and similar items. Costs are assigned to individual items of inventory on the basis of weighted average costs.

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

The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Cost of inventories is recognised as an expense and included in cost of revenues.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over their estimated useful lives of each part of an item of property and equipment. Depreciable amount represents cost of an asset, less its residual value.

The estimated useful lives are as follows:

Assets	Life (years)
Leasehold improvements	7 - 10
Furniture and fixtures	3 - 5
Motor vehicles	3 - 5

Depreciation methods, useful lives and residual values are re-assessed at the reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as a gain or loss during the year.

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Notes (continued)

3 Material accounting policies (continued)

Property and equipment (continued)

Capital work in progress

Capital work in progress is carried at cost less impairment losses, if any. On completion, the cost of such assets is transferred to the appropriate category of property and equipment.

Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis, over the estimated useful lives of intangible assets from the date they are available for use.

Identifiable intangible assets from acquisition which fall within the definitions of IFRS 3, are recorded separately at their respective value. Economic useful life assessment is conducted on each of the asset types separately and can range between specific finite and indefinite periods. In instances where the Group assesses an indefinite period is appropriate, the justification will be reviewed annually for impairment testing.

The estimated useful lives are as follows:

Intangible assets	Life (years)
Leasehold key money	7 - 10
Software	3 - 5
Intellectual Property	
Finite	7 – 10
Indefinite	unspecified

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the aggregated cash generating unit level. Amortisation methods, useful lives and residual values are re-assessed at the reporting date

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

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Notes (continued)

3 Material accounting policies (continued)

Employment benefits

The provision for post-employment benefits is calculated in accordance with the local law. Management considers these as long-term obligations and accordingly this obligation has been classified as a long-term liability.

The Group operates unfunded post-employment defined benefit plans namely employees' end of service benefits for all employees as per local labour law for employees.

The liability recognised in the statement of financial position in respect of this benefit, is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss and other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the statement of other comprehensive income. In the statement of changes in equity and the statement of financial position, such re-measurement gains and losses are recognised as part of the retained earnings.

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

Impairment

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss ("FVTPL") is assessed at each reporting date to determine whether there is objective evidence of impairment. The Group measures loss allowances for its financial assets measured at amortised cost at an amount equal to lifetime expected credit losses ("ECLs"). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Financial assets measured at amortised cost

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Assets that are individually significant are tested individually whereas others are grouped together with financial assets of similar credit risk characteristics and assessed collectively.

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Notes (continued)

3 Material accounting policies (continued)

Impairment (continued)

Financial assets measured at amortised cost (continued)

Impairment loss is reversed if the reversal can be objectively related to an event that have occurred after the impairment loss was recognised. For financial assets that are measured at amortised cost, the reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU's") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For all assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Jamjoom Fashion Trading

(A Single Shareholder Closed Joint Stock Company)

Notes (continued)

3 Material accounting policies (continued)

Zakat and income tax

Zakat

Zakat, computed in accordance with Saudi Arabian fiscal regulations, is accrued and charged to the consolidated statement of profit or loss and other comprehensive income.

The Group withheld taxes on transactions with non-resident parties in accordance with Zakat, Tax and Customs Authority (ZATCA) regulations, which is not recognised as expense being the obligation of the counter party on whose behalf the amounts are withheld. The Company is subject to Value Added Tax ("VAT") in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases ("Input VAT"). The Company reports revenue and purchases net of VAT for all the periods presented in the statement of profit or loss and other comprehensive income.

Income tax

Income tax on the profit for the year comprises current tax and deferred tax in territories where corporation tax is due. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income.

The Group withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from contracts with customers when it transfers control over a good or service to a customer based on a five-step model as set out in IFRS 15:

- Step 1 - Identify the contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- Step 2 - Identify the performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 - Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4- Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5- Recognise revenue when (or as) the entity satisfies a performance obligation.

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Notes (continued)

3 Material accounting policies (continued)

Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, if any, for the sale of goods in the ordinary course of the Group's activities. The Group recognizes revenue when control of the goods has transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been acknowledged by the customer, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Receivable is recognised when the goods are delivered or acknowledged by the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. In determining the transaction price for the sale of goods, the Group considers the effects the existence of significant financing components, variable consideration, non-cash consideration and consideration payable to the customer (if any). The Group also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any).

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

Revenue from sale of goods

The Group operates a chain of retail outlets. Revenue from sale of goods is recognized when the Group sells a product to the customer i.e. customer takes possession of the goods in store (point in time). Payment of the transaction price is due immediately when the customer purchases the product.

Revenue is recognized upon transfer of control i.e. when the products are delivered to the customers. Payment of the transaction price is normally received upon or before placing online orders.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period, if the goods do not meet the quality criteria. Contracts in which a customer may return a defective product in exchange for a functioning product are evaluated by management.

It is the Group's policy to sell its products to the end customer with a right of return and right to exchange within 7 days, depending on the type of product with certain requirements and certain exceptions.

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Notes (continued)

3 Material accounting policies (continued)

Revenue (continued)

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities, if any (and the corresponding change in the transaction price) at the end of each reporting period.

The Group updates its assessment of provision for expected returns, if any annually and accordingly the provision and refund liabilities are adjusted respectively. Estimates of expected returns and sales discounts, if any, are sensitive to changes in circumstances and the Group's past experience regarding returns and discounts and may not be representative of customers' actual returns and rebate entitlements in the future.

Determining whether a customer will be likely entitled to sales discount will depend on the customer's entitlement. The Group applied the most likely amount method for estimating expected sales discounts for contracts. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

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

Cost of revenues

Cost of revenues includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing; storing; and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale. Overheads are allocated between cost of revenues, selling and distribution expenses and general and administrative expenses, when required, on a consistent basis.

Selling and distribution expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products. Allocations between cost of revenues, selling and distribution expenses and general and administrative expenses, when required, on a consistent basis.

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between cost of revenues, selling and distribution expenses and general and administrative expenses, when required, on a consistent basis.

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Notes (continued)

3 Material accounting policies (continued)

Financial charges

Financial charges comprise interest on bank borrowings, bank charges and exchange gains or losses on foreign currency transactions. Interest on bank borrowings is recognised using the effective interest rate method in the consolidated statement of profit or loss and other comprehensive of income.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency ("SR") at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to SR at the exchange rate prevailing at that date.

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

Financial instruments

The Group classifies non-derivative financial assets and liabilities into financial assets at amortised cost and other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost or fair value. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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Notes (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets – measurement

Financial assets measured at amortised cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (“FVTPL”):

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial assets at amortised cost comprise cash and cash equivalents, other receivables and related party receivables.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Offsetting

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

Borrowings

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

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

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Notes (continued)

3 Material accounting policies (continued)

Borrowings (continued)

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.

Leases

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

As a lessee

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

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

Right-of-use asset

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

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

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Notes (continued)

3 Material accounting policies (continued)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group recognises right-of-use assets and lease liabilities for all remaining short-term leases on all existing stores in accordance with IFRS 16. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Board of Directors ("BoD") of the Group assesses the financial performance and position of the Group, and makes strategic decisions. The BoD has been identified as being the CODM.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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Notes (continued)

3 Material accounting policies (continued)

Standards, amendments and interpretations

Standards, amendments and interpretations issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

New standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Of those standards that are not yet effective, none of them is expected to have a material impact on the Group's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants
- Amendments to IFRS 16 Leases, Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, Supplier Finance Arrangements
- Amendment to IAS 21 Lack of Exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

- IFRS S1 General requirements for disclosure of sustainability-related financial information
- IFRS S2 Climate-related disclosures

4 Accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

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Notes (continued)

4 Accounting estimates and judgements (continued)

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key judgements, estimates, and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial position date to the extent that such events confirm conditions existing at the end of year.

Useful lives of property and equipment

Management determines the estimated useful lives of property and equipment for calculating depreciation. These estimates are determined after considering expected usage of the asset or physical wear and tear. Management believes that any residual value will not result in a significant change to the depreciation charge and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management also believes that a straight-line depreciation policy reflects the pattern of consumption of economic benefits.

Impairment of non-current assets

Impairment of non-current assets occurs when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use is based on a Discounted Cash Flow ("DCF") model. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Management has determined each individual sales outlet as a separate CGU being the smallest group of asset generating the cash inflows.

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Notes (continued)

4 Accounting estimates and judgements (continued)

Impairment of non-current assets (continued)

Management has performed a sensitivity analysis around the estimates. For details on assumptions used and sensitivities of key assumptions refer Note 6

Accounting for leases

Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the lease definition which requires significant judgement. Further the recognition and measurement requirements of IFRS 16 also require management to apply judgements and estimates, particularly, when determining lease renewal options, purchase options at the end of a lease term, value of guaranteed residual values and deciding whether a lease meets the exemption criteria of a short-term or low value asset lease. Management has used the following significant judgements when applying the requirements of IFRS 16:

- Where lease rentals are based on market prevailing rates, latest agreed rentals are assumed over the entire lease term.
- Where lease periods are not deemed to reflect the assessed period of use, the assessed period of use is taken.
- Substantially all leasehold improvements are removeable and there are no other economic penalties for not exercising the renewal option, the lease term is taken equal to the contractual term.

Employee end of service benefits – Estimate

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high-quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employees end of service benefits are provided in Note 11.

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Notes (continued)

4 Accounting estimates and judgements (continued)

Acquisition of subsidiaries

The Group has used various judgements and assumptions when applying the accounting for acquisition of subsidiaries in the consolidated financial statements. The key accounting estimates and judgements include (a) identification and the recognition of intangible assets which were not previously recorded in acquiree's books; and (b) determination of the fair values of identified asset and liabilities as at the acquisition date. The accounting results arrived at by management are sensitive to the changes in underlying assumptions used. Any potential changes in the underlying assumptions would have an impact on the fair values of assets and liabilities recognised as at the acquisition date with a corresponding impact on the goodwill.

Going concern

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

5 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, Group objectives, policies and processes for measuring and managing risk, and Group's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The majority of Group revenue is generated through stores sales on a cash basis and hence the incidence of credit risk is low.

Trade and other receivables

The exposure to credit risk on trade and other receivables is monitored on an ongoing basis and these are considered recoverable by Group management.

Cash at bank

The Group places its cash with banks of good repute.

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Notes (continued)

5 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities.

The Group manages liquidity by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group has unutilised facilities for overdraft, term loan, project finance and financial guarantees from different banks amounting to SR 2.17 million (2023: SR 4.29 million). Additionally, the group plan to manage the liquidity through generation of the profit from the operation which is positive in the current and the previous year as well.

Market risk

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the SR. The currencies in which these transactions are primarily denominated are US Dollars (USD), Euro (EUR) and British Pound (GBP). The Group is not exposed to currency risk in respect of transactions in USD as the SR and AED is currently pegged to the USD. The Group periodically uses forward foreign exchange contracts to hedge anticipated settlement of liabilities due in foreign currencies, mainly GBP. No forward foreign exchange contracts were undertaken at the years ending 30 September 2024 and 30 September 2023.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate exposure arises mainly on bank borrowings, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant.

Capital management

It is Group policy to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Apart from these requirements and requirements of certain provisions of the local law, the Group is not subject to any other externally imposed capital requirements apart from those detailed in Note 13.

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Notes (continued)

6 Property and equipment

	Leasehold improvements SR 000	Motor vehicles SR 000	Furniture and fixtures SR 000	Right-of- use asset SR 000	Capital work in progress SR 000	Total SR 000
Cost						
At 1 October 2022	330,713	304	20,028	291,617	72	642,734
Additions	28,900	-	1,623	128,480	257	159,260
Lease modification	-	-	-	(21,854)	-	(21,854)
Disposals	(22,551)	-	(1,079)	(48,301)	-	(71,931)
Transfer from CWIP	36	-	28	-	(64)	-
At 30 September 2023	337,098	304	20,600	349,942	265	708,209
At 1 October 2023	337,098	304	20,600	349,942	265	708,209
Additions	26,909	-	4,639	115,044	116	146,708
Transfer	2,558	452	1,769	-	(49)	4,730
Disposals	(2,716)	(142)	(178)	(178,496)	-	(181,532)
Lease modification	-	-	-	917	-	917
Transfer from CWIP	130	-	85	-	(215)	-
At 30 September 2024	363,979	614	26,915	287,407	117	679,032
Depreciation						
At 1 October 2022	248,075	304	17,448	226,572	-	492,399
Depreciation for the year	22,482	24	1,787	86,762	-	111,055
Adjustment	(488)	(24)	(158)	-	-	(670)
Lease modification	-	-	-	(27,346)	-	(27,346)
Disposals	(21,516)	-	(997)	(36,806)	-	(59,319)
At 30 September 2023	248,553	304	18,080	249,182	-	516,119
Depreciation						
At 1 October 2023	248,553	304	18,080	249,182	-	516,119
Depreciation for the year	21,106	24	1,794	91,218	-	114,142
Transfer	2,083	412	1,631	-	-	4,126
Disposals	(2,638)	(142)	(134)	(174,964)	-	(177,878)
Lease modification	-	-	-	900	-	900
At 30 September 2024	269,104	598	21,371	166,336	-	457,409
Net book value						
At 30 September 2023	88,545	-	2,520	100,760	265	192,090
At 30 September 2024	94,875	16	5,544	121,071	117	221,623

Depreciation expense has been allocated as follows:

	2024 SR 000	2023 SR 000
Selling and marketing expenses (Note 21)	110,553	110,384
General and administrative expenses (Note 22)	3,589	671
	114,142	111,055

The charge for the year includes SR 91.22 million (2023: SR 86.76 million) depreciation for right-of-use assets.

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Notes (continued)

6 Property and equipment (continued)

Impairment indicators and assessment

Management identified the decline in the CGU's operating profits as an impairment indicator. Accordingly, management performed a detailed impairment assessment as at 30 September 2024 of its non-current assets at the respective CGU level based on the value-in-use calculation using the latest approved business plan. As a result of such assessment, management concluded that as at 30 September 2024, the recoverable amount of the non-current assets was higher than the carrying amount.

The key estimates and assumptions used by the Group's management for the value-in-use calculations were as follows:

- Projected cash flows; and
- The discount rate used was approximately 9%.

The Group management has performed a sensitivity analysis around the key assumptions used in the discounted cash flow models and believes that the recoverable amount of the CGUs will be equal to their respective carrying amounts based on the following changes in key assumptions:

- Forecasted sales decreased by 1%; or
- Discount rate increased by 100 basis points

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant in the respective CGUs. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

7 Intangible assets

	Software SR 000	Key money SR 000	Intellectual Property SR 000	Total SR 000
Cost				
At 1 October 2022	4,378	4,708	-	9,086
Additions	316	-	-	316
Disposal	(121)	(500)	-	(621)
At 30 September 2023	4,573	4,208	-	8,781
At 1 October 2023	4,573	4,208	-	8,781
Additions	190	-	7,538	7,728
Disposal	(8)	-	-	(8)
At 30 September 2024	4,755	4,208	7,538	16,501

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Notes (continued)

7 Intangible assets (continued)

	Software SR 000	Key money SR 000	Intellectual Property SR 000	Total SR 000
Amortisation				
At 1 October 2022	4,255	3,203	-	7,458
Amortisation	211	343	-	554
Disposal	(121)	(500)	-	(621)
At 30 September 2023	4,345	3,046	-	7,391
At 1 October 2023	4,345	3,046	-	7,391
Amortisation	156	254	-	410
Disposal	(8)	-	-	(8)
At 30 September 2024	4,493	3,300	-	7,793
Net book value				
At 30 September 2023	228	1,162	-	1,390
At 30 September 2024	262	908	7,538	8,708

8 Inventories

	2024 SR 000	2023 SR 000
Goods for resale	95,981	100,375
Goods in transit	20,152	13,509
	116,133	113,884

In 2024, inventories of SR 191.18 million (2023: SR 187.25 million) were recognised as an expense during the year and included in 'cost of sales'.

9 Prepayments and other receivables

	2024 SR 000	2023 SR 000
Supplier advances	15,850	21,047
Deposits	13,424	10,370
Prepaid rent	1,078	859
Advances to employees	819	165
Other prepayments	3,468	3,811
Other receivables	1,323	690
	35,962	36,942

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Notes (continued)

10 Cash and cash equivalents

	2024	2023
	SR 000	SR 000
Cash in hand	1,511	1,113
Cash at bank	6,450	-
	<u>7,961</u>	<u>1,113</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

11 Employment benefits

The Group has a employment defined benefit plan. The benefits are required by the local labour laws of the respective countries. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the local laws.

The following table summarises the components of the net benefit expense recognised in the statement of profit or loss and other comprehensive income and amounts recognised in the statement of financial position.

Net benefit expense recognised in statement of profit or loss and other comprehensive income:

	2024	2023
	SR 000	SR 000
Service cost	3,901	4,250
	<u>3,901</u>	<u>4,250</u>

Movement in the present value of defined benefit obligation recognised in statement of financial position:

	2024	2023
	SR 000	SR 000
Defined benefit obligation at 1 October	30,472	29,243
Service cost	3,901	4,250
Actuarial loss on the obligation recognised in other comprehensive income	1,688	-
Transfer Liability In - net	9,841	-
Post-employment benefits paid during the year	(2,599)	(3,021)
Defined benefit obligation at the end of the year	<u>43,303</u>	<u>30,472</u>

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Notes (continued)

11 Employment benefits (continued)

Significant assumptions used in determining the employment defined benefit obligation as at end of the year are shown below:

	2024	2023
Discount rate per annum	4.50%	5.10%
Future salary growth per annum	3.50%	4.00%
Resignation rate per annum	70%	70%
Termination rate per annum	30%	30%
Withdrawal rate per annum	21%	26%
Mortality rates (table)	AM (80)	AM (80)

A quantitative sensitivity analysis for the significant assumptions as at end of the year is, as shown below:

	2024
	SR 000
Discount rate:	
1% increase	40,628
1% decrease	46,329
Future salary growth	
1% increase	46,444
1% decrease	40,477

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The average duration of the defined benefit obligation at 30 September 2024 is 6.62 years (2023:6.5 years).

12 Right-of-use assets and lease liabilities

The Group leases offices, warehouses and retail spaces. The leases typically run for a period of one to three years, with an option to renew the lease after that date. Lease payments are renegotiated periodically. For certain lease, the company is restricted from entering into any sub-lease arrangement.

Information on how the Group's management has applied judgements and has used assumptions in applying the accounting for leases, is presented in Note 4. Quantitative information about leases for which the Group is a lessee is presented below.

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Notes (continued)

12 Right-of-use assets and lease liabilities (continued)

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment (see Note 6).

Right-of-use assets

	2024	2023
	SR 000	SR 000
Balance at 1 October	100,760	65,045
Additions	115,044	128,480
Lease modifications	17	5,492
Disposals	(3,532)	(11,495)
Depreciation charge for the year	(91,218)	(86,762)
Balance at the end of the year	<u>121,071</u>	<u>100,760</u>

Lease liabilities

Lease liabilities included in the consolidated statement of financial position:

	2024	2023
	SR 000	SR 000
Balance at 1 October	96,951	60,225
Additions	115,044	128,480
Lease modifications	(4,248)	9,212
Disposals	(1,526)	(11,017)
Interest on lease liabilities (Note 24)	3,927	3,454
Payment made against lease liabilities	(93,061)	(93,403)
Balance at the end of the year	<u>117,087</u>	<u>96,951</u>

Related lease liabilities have been disclosed in the consolidated statement of financial position as follows:

	2024	2023
	SR 000	SR 000
Current portion of lease liabilities	73,286	74,591
Non-current portion of lease liabilities	43,801	22,360
Balance at the end of the year	<u>117,087</u>	<u>96,951</u>

Amounts recognised in consolidated statement of profit and loss

	2024	2023
	SR 000	SR 000
Interest on lease liabilities (Note 24)	3,927	3,454
Depreciation charge for the year – right of use assets (Note 6)	91,218	86,762
Short-term lease expenses recognised as operating expense (Note 21 and Note 22 Rent expense)	3,442	3,921

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Notes (continued)

12 Right-of-use assets and lease liabilities (continued)

Amounts recognised in consolidated statement of cash flows

	2024	2023
	SR 000	SR 000
Total cash outflow for leases		
Payment of principal amounts	89,134	89,949
Payment of interest	3,927	3,454

13 Loans and borrowings

	2024	2023
	SR 000	SR 000
Balance at 1 October	47,134	-
Loan proceeds	137,260	47,134
Payment of loans	(131,004)	-
Balance at 30 September	<u>53,390</u>	<u>47,134</u>
	2024	2023
	SR 000	SR 000
Short-term loans and borrowings	51,211	42,840
Current portion of long-term loans and borrowings	1,452	2,115
	<u>52,663</u>	<u>44,955</u>
Long term loans and borrowings	2,179	4,294
Less: current portion of long-term loans and borrowings	(1,452)	(2,115)
	<u>727</u>	<u>2,179</u>

As at the reporting date, Jamjoom Fashion does not have direct facilities agreements with the regional banks. The Group facility agreements all remain with the Kamal Osman Jamjoom Trading LLC (KSA and UAE) and Kamal Osman Jamjoom Group LLC (UAE). Jamjoom Fashion Trading has been named under the parent entity's facilities agreements and has an assignment of debts aligned to the business usage.

Borrowings include long and short-term facilities with banks in United Arab Emirates and short-term facilities with banks in the Kingdom of Saudi Arabia.

Short-term loans in the Kingdom of Saudi Arabia carry profits in the range of SIBOR plus 2.0% to 3.0% with maturities up to 180 days. These are secured against corporate guarantees from Kamal Osman Jamjoom Group LLC and order notes in favour of the corresponding banks.

Short-term loans in the United Arab Emirates carry interest in the range of EIBOR plus 2.0% to 3.5% per annum.

Long term loans in the United Arab Emirates carries interest in the range of 1 to 3 month EIBOR plus 1.90% to 3.00% per annum with repayment periods not exceeding three years.

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Notes (continued)

13 Loans and borrowings (continued)

The bank borrowings in the United Arab Emirates are secured by corporate guarantees, assignment of risk insurance policy covering stocks, promissory note covering the full facility amount and hypothecation of stocks.

The facility agreements require that certain financial ratios are met at Group and Kamal Osman Jamjoom Trading LLC level, including maintenance of net worth. As at 30 September 2024, the Group were temporarily not in compliance with certain bank covenants relating to total Equity being under the required amount due to the Group Restructure.

14 Trade and other payables

	2024	2023
	SR 000	SR 000
Accounts payable – Trade	37,994	10,720
Accrued purchases	15,656	21,573
	<u>53,650</u>	<u>32,293</u>

15 Accrued expenses and other liabilities

	2024	2023
	SR 000	SR 000
VAT tax payable	9,202	-
Accrued marketing	5,150	3,079
Employee related accruals	4,456	656
Accrued rent and related accruals	3,174	2,661
Accrued professional fee	2,152	17
Non-trade payables	2,878	565
Accrued utilities	4,199	2,436
Other accruals and current liabilities	4,905	400
	<u>36,116</u>	<u>9,814</u>

Included in the other accruals as of 30 September 2024 is current liability from the acquisition of the Booty Parlor Intellectual Property Rights amounting to SR 1.85 million.

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Notes (continued)

16 Zakat and income tax

Zakat accrual

The movement in the Zakat accrual is attributable to the following:

	2024	2023
	SR 000	SR 000
Balance at the beginning of the year	4,290	-
Zakat expense for the year	1,906	4,290
Zakat paid during the year	(5,303)	-
	<u>893</u>	<u>4,290</u>

Zakat expense for the year ended 30 September has been calculated on the adjusted equity base, the significant components of which are as follows:

	2024	2023
	SR 000	SR 000
Share capital	500	500
Adjusted net income	81,948	64,607
Provisions at the beginning of the year	-	-
Deduction tangible and intangible assets	230,331	193,480
Dividend	50,000	64,607

Status of Zakat assessments

Jamjoom Fashion Trading

The Company will file its first tax return for the current year as the business is in its initial year of operations. The comparative period information relates the extracted Brand submissions from Kamal Osman Jamjoom Trading LLC, the former owners of the Brands.

Income tax

	2024	2023
	SR 000	SR 000
Balance at the beginning of the year	222	-
Provision during the year	1,675	279
Tax paid during the year	(260)	(57)
Income tax accrual	<u>1,637</u>	<u>222</u>

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Notes (continued)

16 Zakat and income tax (continued)

Income tax (continued)

Jamjoom Fashion Trading SPC (Oman)

The Company will file its first tax return for the current year as the business is in its initial year of operations. The comparative period information relates the extracted Brand submissions from Kamal Osman Jamjoom and Partners LLC, the former owners of the Brands.

The tax rate is 15% of taxable income.

Jamjoom Fashion Trading LLC (UAE)

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Group has assessed the deferred tax implications for the year ended 30 September 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with the transition rules), it has been concluded that the impact is not material to the consolidated financial statements.

Jamjoom Fashion Support Services Philippines Inc.

The company has not yet filed its tax returns for the year up to 30 September 2024 as it is completing its first year of operations.

The tax rate is 25% of taxable income.

Nayomi Trading WLL

During the year, the company was sold to Jamjoom Fashion Trading SPC. As a result, the company no longer conforms to the Qatar Tax Authority requirements of a local partner regulations due to non-compliance with the residency criteria. Therefore, Nayomi Trading WLL is subject to local corporation tax for a GCC international owner.

The tax rate is 10% of taxable income

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Notes (continued)

17 Share capital, other reserve and dividend

At 30 September 2024, the Company's share capital of SR 0.50 million (2023: SR 0.50 million) consists of 50,000 fully paid shares of SR 10 each.

Shareholder	Country of incorporation	2024	2023
		SR 000	SR 000
Kamal Osman Jamjoom Trading LLC	Kingdom of Saudi Arabia	500	500

Other reserve

The shareholder has approved to transfer SR 78.97 million from retained earnings to other reserve for future capitalization.

Dividend

During the year ended 30 September 2024, the shareholders approved to distribute SR 50.00 million (per share SR 1,000.00) (2023: SR 64.61 million) (per share SR 1,292.14) as dividend to the shareholders.

18 Due from / to shareholder

	2024	2023
	SR 000	SR 000
Due from shareholder	29,196	-
Due to shareholder	-	44,765

During the year ended 30 September 2024, the Group had transferred to the shareholder (parent company) funds as a result of cash pooling during the first year of operations whilst independent banking arrangements were set up. This has resulted in a residual balance due to be settled by the shareholder in the next year. The balances due to / due from the shareholder is presented on net basis.

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Notes (continued)

19 Related party transactions and balances

Related party transactions were undertaken in the ordinary course of business at commercially agreed terms and were approved by the management. For the purpose of these consolidated financial statements, related parties are identified as affiliates of the Group include entities which are subsidiaries including subsidiaries and associates of Kamal Osman Jamjoom Trading LLC Group and key management personnel.

In addition to the disclosures set out in note 18, significant related party transactions and balances for the year ended and balances arising there-from are described as under:

Name	Nature of transaction	Amount of transactions:		Due from / (Due to) Related parties	
		For the year ended September 30		2024	
		2024	2023	2024	2023
		SR 000	SR 000	SR 000	SR 000
Kamal Osman Jamjoom Trading LLC Group	Management services (shared-service cost, support on opening of new stores and others)	23,808	17,850		
	Dividend	50,000	64,607	29,196	(44,765)

Key management personnel compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, dividends and contributions to post-employment defined benefit plan. The Group has recognised an expense of SR 13.20 million for the year ended 30 September 2024 (2023: SR 12.50 million).

The Group has a recognised cumulative End of Service liability of SR 9.30 million as at the year ended 30 September 2024 (2023 SR 7.40 million). There are no staff loans or outstanding receivables for Key Management Personnel.

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Notes (continued)

20 Revenue

	2024	2023
	SR 000	SR 000
Sale of goods	612,246	565,650

The Group operates a chain of retail stores selling its two brands. Revenues from sale of goods (i.e. readymade clothes and consumables) is recognised at a point in time when control is transferred to the customer, generally on delivery of the goods.

The Group does not expect to have any contracts where the period between the transfer of goods to the customer and payment by the customer exceeds one year, and accordingly, the transaction prices are not adjusted for the time value of money.

As per the contracts with the customers, there is no financing, non-cash consideration or consideration payable to customer involved in transaction price.

There were no material returns, refunds, advances and, therefore, no contract balances for the years ended 30 September 2024 and 2023.

There are no warranties provided by the Group on sale of its products and, accordingly, no contract liabilities recorded for the years ended 30 September 2024.

Cost of revenue mainly includes material cost includes purchase price of clothes and other goods sold, import duties, non-refundable taxes, transport and handling costs.

Revenue brand wise is as follows, additionally the Mihyar only operates in KSA.

	2024	2023
	SR 000	SR 000
Nayomi	524,175	482,811
Mihyar	88,071	82,839
	<u>612,246</u>	<u>565,650</u>

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Notes (continued)

21 Selling and marketing expenses

	2024	2023
	SR 000	SR 000
Depreciation (Note 6)	110,553	110,384
Payroll and related expenses	106,411	98,961
Advertising	20,080	17,974
Credit card charges	6,325	5,753
Professional fees	5,939	4,038
Shop supplies	5,106	4,562
Licenses	3,211	3,191
Electricity	3,128	3,163
Rent expenses	2,351	1,959
Repairs and maintenance	2,280	2,104
Communication	1,832	1,802
Travelling and transportation expenses	1,710	1,394
Delivery expense	874	837
Amortisation (Note 7)	410	554
Other expenses	8,218	4,718
	<u>278,428</u>	<u>261,394</u>

22 General and administrative expenses

	2024	2023
	SR 000	SR 000
Payroll and related expenses	14,337	15,724
Professional fees	5,599	4,313
Depreciation (Note 6)	3,589	671
Rent expenses	1,091	1,962
Travelling expenses	399	387
Electricity	376	365
Office supplies	268	261
Licenses	165	160
Communication	118	114
Repairs and maintenance	95	93
Other expenses	1,883	1,374
	<u>27,920</u>	<u>25,424</u>

23 Other operating expenses

	2024	2023
	SR 000	SR 000
Management recharge	23,808	17,850

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Notes (continued)

24 Financial charges

	2024 SR 000	2023 SR 000
Financial charges on bank borrowings	4,449	4,467
Interest on lease liabilities (Note 12)	3,927	3,454
Forex and bank service charges	117	(104)
	<u>8,493</u>	<u>7,817</u>

25 Other income

	2024 SR 000	2023 SR 000
Human Resources Development Fund (HRDF) refund	3,067	2,976
Others	52	284
	<u>3,119</u>	<u>3,260</u>

26 Contingent liabilities and commitments

	SR 000	SR 000
Contingent liabilities:		
- letters of guarantee	<u>635</u>	<u>-</u>
Capital commitments	<u>21,556</u>	<u>22,412</u>

27 Financial instruments

Financial assets of the Group include receivables from HRDF and other receivables, and cash and cash equivalents. Financial liabilities of the Group include bank borrowings, trade payables, lease liabilities and accrued expenses. Material accounting policies for financial assets and liabilities are set out in Note 3.

Credit risk

At the balance sheet date, the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	SR 000	SR 000
Other receivables	14,747	11,060
Due from shareholder	29,196	-
Cash at bank	6,450	-
	<u>50,393</u>	<u>11,060</u>

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Notes (continued)

27 Financial instruments (continued)

Liquidity risk

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount SR 000	Contractual cash flows SR 000	Less than one year SR 000	More than one year SR 000
Non-derivative financial liabilities				
Trade and other payables	53,650	53,650	53,650	-
Accrued expenses and other liabilities	26,914	26,914	26,914	-
Lease liabilities	117,087	124,670	77,928	46,742
Loans and borrowings	53,390	55,294	54,545	749
At 30 September 2024	251,041	260,528	213,037	47,491

	Carrying amount SR 000	Contractual cash flows SR 000	Less than one year SR 000	More than one year SR 000
Non-derivative financial liabilities				
Trade and other payables	32,293	32,293	32,293	-
Accrued expenses and other liabilities	9,814	9,814	9,814	-
Lease liabilities	96,951	101,114	77,141	23,973
Loans and borrowings	47,134	48,774	46,437	2,337
At 30 September 2023	186,192	191,995	165,685	26,310

Currency risk

The Group's exposure to currency risk comprises exposure to the Euro (EUR) and British Pound (GBP). At the reporting date the exposure to EUR and GBP was as follows based on notional amounts:

	2024 GBP 000	2024 EUR 000	2023 GBP 000	2023 EUR 000
Trade and other payables	645	1,199	703	484

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Notes (continued)

27 Financial instruments (continued)

Currency risk (continued)

The following significant exchange rates were applied during the year:

	2024 Average rate	2024 Reporting date spot rate	2023 Average rate	2023 Reporting date spot rate
GBP	4.753	5.019	4.598	4.574
EUR	4.068	4.191	4.006	3.971

A 10 percent strengthening of the SR against the above currencies at 30 September 2024 would have increased profit or loss as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2024 SR 000	2023 SR 000
GBP	324	322
EUR	502	192

A 10 percent weakening of the SR against the above currencies at 30 September 2024 would have had an equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing liabilities. At the reporting date the interest rate profile of the interest-bearing financial instruments was as follows:

	SR 000	SR 000
Variable rate instruments		
Term loans	2,179	4,294
Short-term loans	51,211	42,840

The Group is only exposed to interest rate risk on variable rate instruments. A change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss for the year ended 30 September 2024 by SR 0.53 million (2023: SR 0.47 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Capital risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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Notes (continued)

27 Financial instruments (continued)

Capital risk management (continued)

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio 'Net debt divided by Total equity'. The Group includes within debt, current and non-current portion of borrowings.

	2024	2023
Gearing ratio	0.49	0.59

Fair Value

The fair values of financial assets and liabilities approximate their carrying values.

28 Acquisitions

Identifiable intangible assets acquired

Booty Parlor

On the 1st of August 2024, Jamjoom Fashion Trading LLC entered into an Asset Purchase Agreement to purchase the intellectual property of the Brand, Booty Parlor with the company Booty Parlor Inc.

The following assets were purchased:

- Registered Trademarks
- Registered Copyrights
- Trade Names
- Logo and Designs

The purchased assets do not include any real property or other tangibles assets. Also, the Group do not assume any liabilities, obligations or commitments from the seller.

The purchase price was agreed at USD 2.00 million (SR 7.53 million) paid in 4 installments over 4 years. The initial installment was made at the point of execution of the transfer and the remaining balance is recognised as a liability on the balance sheet, as follows:

	SR 000
Other current liability	1,885
Other non-current liability	3,769
	<u>5,654</u>

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Notes (continued)

29 New Legal Entity Transfer

On 1 October 2023, Kamal Osman Jamjoom Trading LLC (the Parent company) launched Jamjoom Fashion to form an independent group of entities for its fashion and clothing division, separating its existing Nayomi and Mihyar brand. This move allows the new business to focus on its own strategic and operational plans to maximize its full economic potential and achieve optimal growth.

Jamjoom Fashion Trading was registered under the laws of Kingdom of Saudi Arabia, and it is owned by the Company, Kamal Osman Jamjoom Trading LLC. The parent company invested SR 0.50 million in the newly established subsidiary.

During the year, the subsidiaries mentioned in Note 1 were established.

A. Identifiable assets acquired and liabilities assumed

The management decided to transfer its net assets equal to the book value as of transfer date.

The carrying amount of identifiable assets and liabilities acquired as at the transfer date follow.

	2024
	SR 000
Carrying value of net assets	
Property and equipment	193,251
Intangible assets	229
Inventories	113,107
Prepayments and other receivables	41,797
Cash and cash equivalents	1,478
Loans and borrowings	(47,134)
Employment benefits	(30,472)
Lease liabilities	(96,951)
Trade payables and other current liabilities	(96,327)
Total carrying value of acquired net assets	<u>78,978</u>

30 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period. As the company does not have any dilutive potential shares, the dilutive earnings per share are the same as basic earnings per share.

The basic and dilutive earnings per share is computed as follows:

	2024	2023
	SR 000	SR 000
Profit for the year	81,948	64,607
Weighted average number of ordinary shares outstanding and used in calculating basic and diluted earnings per share	50,000 shares	50,000 shares
Basic and diluted earnings per share	1,638.96	1,292.14

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Notes (continued)

31 Operating segment

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors, as this makes the key operating decisions of the Group and is responsible for allocating resources and assessing performance. Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group based on regions. CODM measure the profit or loss for each segment based on geography.

The following summary describes the operations, performance and resource allocation of each reportable segment based on geographical location.

Statement of comprehensive income for the year ended 30 September 2024

	KSA	UAE	Other geographies	Total
	SR 000	SR 000	SR 000	SR 000
Revenue	420,562	111,096	80,588	612,246
Cost of sales	(135,117)	(30,996)	(25,074)	(191,187)
Gross profit	<u>285,445</u>	<u>80,100</u>	<u>55,514</u>	<u>421,059</u>
General, admin and selling expenses	(228,486)	(49,955)	(27,907)	(306,348)
Financial charges	(5,501)	(2,355)	(637)	(8,493)
Other income / (expense)	13,689	(18,775)	(15,603)	(20,689)
Net profit before Zakat and income tax expense	<u>65,147</u>	<u>9,015</u>	<u>11,367</u>	<u>85,529</u>
Zakat and income tax expense	(1,907)	(780)	(894)	(3,581)
Net profit after Zakat and income tax expense	<u>63,240</u>	<u>8,235</u>	<u>10,473</u>	<u>81,948</u>

Statement of comprehensive income for the year ended 30 September 2023

	KSA	UAE	Other geographies	Total
	SR 000	SR 000	SR 000	SR 000
Revenue	386,190	102,182	77,278	565,650
Cost of sales	(131,453)	(28,957)	(26,839)	(187,249)
Gross profit	<u>254,737</u>	<u>73,225</u>	<u>50,439</u>	<u>378,401</u>
General, admin and selling expenses	(211,716)	(44,142)	(30,960)	(286,818)
Financial charges	(4,794)	(2,307)	(716)	(7,817)
Other income / (expense)	13,434	(18,220)	(9,804)	(14,590)
Net profit before Zakat and income tax expense	<u>51,661</u>	<u>8,556</u>	<u>8,959</u>	<u>69,176</u>
Zakat and income tax expense	(4,290)	-	(279)	(4,569)
Net profit after Zakat and income tax expense	<u>47,371</u>	<u>8,556</u>	<u>8,680</u>	<u>64,607</u>

Jamjoom Fashion Trading

(A Single Shareholder Closed Joint Stock Company)

Notes (continued)

31 Operating segment (continued)

Statement of financial position as at 30 September 2024

	KSA SR 000	UAE SR 000	Other geographies SR 000	Total SR 000
Property & equipment and Intangible assets	57,245	37,047	14,968	109,260
Right-of-use assets	69,517	28,980	22,574	121,071
Inventories	81,985	23,068	11,080	116,133
Other assets	56,288	9,524	7,307	73,119
Due from/to within JF Group	40,268	(18,026)	(22,242)	-
Total assets	305,303	80,593	33,687	419,583
Lease liabilities	66,695	28,125	22,267	117,087
Loans and borrowings	39,345	14,045	-	53,390
Employment benefits	27,214	13,813	2,276	43,303
Other liabilities	70,145	23,166	2,753	96,064
Total liabilities	203,399	79,149	27,296	309,844

Statement of financial position as at 30 September 2023

	KSA SR 000	UAE SR 000	Other geographies SR 000	Total SR 000
Property & equipment and Intangible assets	58,874	23,774	10,072	92,720
Right-of-use assets	55,804	30,391	14,565	100,760
Inventories	82,036	22,583	9,265	113,884
Other assets	24,073	10,809	3,173	38,055
Due from/to within JF Group	(176)	(143)	319	-
Total assets	220,611	87,414	37,394	345,419
Lease liabilities	52,826	29,608	14,517	96,951
Loans and borrowings	33,293	13,841	-	47,134
Employment benefits	18,716	9,847	1,909	30,472
Other liabilities	80,522	10,635	227	91,384
Total liabilities	185,357	63,931	16,653	265,941

32 Subsequent events

There have been no significant events since the year end, that would require disclosures or adjustments in these financial statements.