

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION FOR  
THE THREE-MONTH AND SIX-MONTH PERIOD  
ENDED JUNE 30, 2024 AND REVIEW REPORT**

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2024**

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	<b>Page</b>
Report on review of condensed consolidated interim financial information	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial information	6 - 18



## *Report on review of Condensed Consolidated Interim Financial Information*

To the shareholders of Al Hassan Ghazi Ibrahim Shaker Company  
(A Saudi Joint Stock Company)

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Hassan Ghazi Ibrahim Shaker Company (the “Company”) and its subsidiaries (the “Group”) as of June 30, 2024 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed consolidated statements of changes in equity and of cash flows for the six-month period then ended and other explanatory notes. The Board of Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### **PricewaterhouseCoopers**

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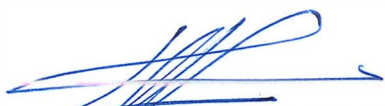
Khalid A. Mahdhar  
License Number 368

July 28, 2024

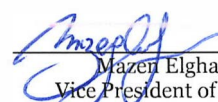
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of financial position**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	176,007	176,556
Right-of-use assets		16,987	17,552
Intangible assets and goodwill	4	9,854	9,854
Investment in an associate	5	494,014	466,959
Equity investment at fair value through other comprehensive income		750	750
<b>Total non-current assets</b>		<b>697,612</b>	<b>671,671</b>
<b>Current assets</b>			
Inventories	6	328,659	373,978
Trade and other receivables	7	485,345	356,030
Prepayments and other debit balances	8	75,054	88,303
Cash and cash equivalents	9	59,115	18,843
<b>Total current assets</b>		<b>948,173</b>	<b>837,154</b>
<b>Total assets</b>		<b>1,645,785</b>	<b>1,508,825</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	555,000	482,334
Reserves	1	-	144,348
Retained earnings		211,164	91,047
<b>Total equity</b>		<b>766,164</b>	<b>717,729</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities – noncurrent portion	10	10,202	11,229
Employees' benefits obligation		25,135	24,430
<b>Total non-current liabilities</b>		<b>35,337</b>	<b>35,659</b>
<b>Current liabilities</b>			
Lease liabilities and borrowings	10	387,170	402,366
Trade and other payables	11	445,477	333,572
Zakat liabilities	12	2,182	6,542
Warranty provision		9,455	12,957
<b>Total current liabilities</b>		<b>844,284</b>	<b>755,437</b>
<b>Total liabilities</b>		<b>879,621</b>	<b>791,096</b>
<b>Total equity and liabilities</b>		<b>1,645,785</b>	<b>1,508,825</b>

The notes from 1 to 22 form an integral part of this condensed consolidated interim financial information.

  
Abdulelah Abdullah Abunayyan  
Chairman


  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

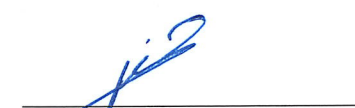
  
Mazen Elghafeer  
Vice President of Finance

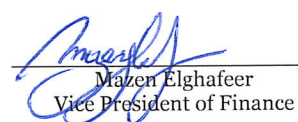
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of profit or loss and other comprehensive income -**  
**Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Three-month period ended		Six-month period ended	
		June 30, 2024	2023	June 30, 2024	2023
Revenue	13	345,139	307,394	758,381	653,957
Cost of sales		(261,947)	(233,164)	(577,420)	(492,621)
<b>Gross profit</b>		<b>83,192</b>	<b>74,230</b>	<b>180,961</b>	<b>161,336</b>
General and administrative expenses		(31,677)	(25,867)	(58,566)	(49,562)
Selling and distribution expenses		(34,152)	(28,882)	(70,977)	(62,384)
Impairment loss on trade and other receivables		(5,500)	(400)	(9,000)	(2,440)
Other income, net		(328)	735	462	1,469
<b>Income from operations</b>		<b>11,535</b>	<b>19,816</b>	<b>42,880</b>	<b>48,419</b>
Finance costs		(9,148)	(12,304)	(18,983)	(24,585)
Foreign exchange gain / (loss)		51	(64)	243	(466)
Share of net profit from an associate	5	15,009	11,414	27,055	25,245
<b>Profit before zakat</b>		<b>17,447</b>	<b>18,862</b>	<b>51,195</b>	<b>48,613</b>
Zakat expense		(999)	(2,715)	(2,498)	(4,550)
<b>Net income for the period from continuing operations</b>		<b>16,448</b>	<b>16,147</b>	<b>48,697</b>	<b>44,063</b>
<b>Discontinued operations:</b>					
Gain from discontinued operations	19	-	26	-	1,452
<b>Net income for the period</b>		<b>16,448</b>	<b>16,173</b>	<b>48,697</b>	<b>45,515</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Re-measurement of employees' benefits obligation		58	(1,254)	(262)	(1,823)
<b>Other comprehensive income/(loss) for the period</b>		<b>58</b>	<b>(1,254)</b>	<b>(262)</b>	<b>(1,823)</b>
<b>Continuing operations</b>		<b>58</b>	<b>(1,254)</b>	<b>(262)</b>	<b>(1,823)</b>
<b>Discontinuing operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>16,506</b>	<b>14,919</b>	<b>48,435</b>	<b>43,692</b>
<b>Profit attributable to:</b>					
Owners of the Company		16,448	15,885	48,697	44,656
Non-controlling interests		-	288	-	859
<b>Total comprehensive income attributable to:</b>		<b>16,448</b>	<b>16,173</b>	<b>48,697</b>	<b>45,515</b>
<b>Owners of the Company</b>		<b>16,506</b>	<b>14,631</b>	<b>48,435</b>	<b>42,833</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>288</b>	<b>-</b>	<b>859</b>
<b>Earnings per share (Saudi Riyals):</b>					
Basic and diluted earnings per share	20	0.30	0.29	0.88	0.80

The notes from 1 to 22 form an integral part of this condensed consolidated interim financial information.

  
Abdulelah Abdullah Abunayyan  
Chairman


  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

  
Mazen Elghafeer  
Vice President of Finance

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
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**Condensed consolidated interim statement of changes in equity - Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Equity attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<b>January 1, 2024 (Audited)</b>	<b>482,334</b>	<b>144,348</b>	<b>91,047</b>	<b>717,729</b>	-	<b>717,729</b>
Net income for the period	-	-	<b>48,697</b>	<b>48,697</b>	-	<b>48,697</b>
Other comprehensive loss for the period	-	-	<b>(262)</b>	<b>(262)</b>	-	<b>(262)</b>
Total comprehensive income for the period	-	-	<b>48,435</b>	<b>48,435</b>	-	<b>48,435</b>
Transfer to retained earnings (note 1)	-	<b>(71,682)</b>	<b>71,682</b>	-	-	-
Capital increase (note 1)	<b>72,666</b>	<b>(72,666)</b>	-	-	-	-
<b>June 30, 2024 (Unaudited)</b>	<b>555,000</b>	-	<b>211,164</b>	<b>766,164</b>	-	<b>766,164</b>
<b>January 1, 2023 (Audited)</b>	<b>482,334</b>	<b>144,348</b>	<b>27,521</b>	<b>654,203</b>	<b>18,042</b>	<b>672,245</b>
Net income for the period	-	-	<b>44,656</b>	<b>44,656</b>	<b>859</b>	<b>45,515</b>
Other comprehensive loss for the period	-	-	<b>(1,823)</b>	<b>(1,823)</b>	-	<b>(1,823)</b>
Total comprehensive income for the period	-	-	<b>42,833</b>	<b>42,833</b>	<b>859</b>	<b>43,692</b>
Disposal of a subsidiary (note 9)	-	-	-	-	<b>(18,901)</b>	<b>(18,901)</b>
<b>June 30, 2023 (Unaudited)</b>	<b>482,334</b>	<b>144,348</b>	<b>70,354</b>	<b>697,036</b>	-	<b>697,036</b>

The notes from 1 to 22 form an integral part of this condensed consolidated interim financial information.

  
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Chairman


  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer


  
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Vice President of Finance

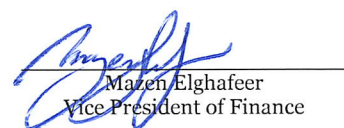
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows - Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Six-month period ended	
		June 30,	
		2024	2023
<b>Cash flows from operating activities</b>			
Profit before zakat and foreign income tax:			
From continued operations		51,195	48,613
From discontinued operations		-	1,452
<b>Adjustments for non-cash items</b>			
Depreciation of property and equipment	3	1,867	1,878
Depreciation of right of use assets		2,607	3,225
Impairment losses on trade and other receivables	7	9,000	2,440
Provision for slow-moving inventories	6	300	4,096
Share of profit from an associate	5	(27,055)	(25,245)
Provision for employees' benefit obligation		2,144	1,305
Finance costs		18,983	24,585
Gain on a disposal of a subsidiary		-	(1,452)
<b>Changes in working capital</b>			
Trade and other receivables		(138,315)	(172,902)
Inventories		45,019	(50,854)
Prepayments and other debit balances		13,249	(29,533)
Trade and other payables		111,905	244,196
Warranty provision		(3,502)	(360)
Zakat paid		(6,858)	(5,079)
Finance costs paid		(18,642)	(24,131)
Employees' benefits obligation paid		(1,701)	(957)
<b>Net cash generated from operating activities</b>		<b>60,196</b>	<b>21,277</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	3	(1,318)	(1,077)
Additions to equity investment at fair value through other comprehensive income		-	(751)
Proceeds from sale of subsidiary		-	27,534
<b>Net cash used in investing activities</b>		<b>(1,318)</b>	<b>25,706</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(3,229)	(3,617)
Repayment of bank borrowings		(621,347)	(1,091,975)
Proceeds from bank borrowings		605,970	1,032,820
Change in non-controlling interest		-	18,901
<b>Net cash used in financing activities</b>		<b>(18,606)</b>	<b>(43,871)</b>
<b>Net change in cash and cash equivalents</b>			
		<b>40,272</b>	<b>3,112</b>
Cash and cash equivalents at beginning of the period	9	18,843	72,711
<b>Cash and cash equivalents at end of the period</b>	<b>9</b>	<b>59,115</b>	<b>75,823</b>
<b>Significant non-cash transactions:</b>			
Capital increase	1	72,666	-
Transfer to retained earnings	1	71,682	-
Additions to right of use of assets and lease liabilities		2,042	-
Actuarial loss from re-measurement of employees' benefits obligation		262	1,823
Write-off of trade and other receivables	7	57	3,399

The notes from 1 to 22 form an integral part of this condensed consolidated interim financial information.

  
Abdulelah Abdullah Abunayyan  
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**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

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**1 General information**

Al Hassan Ghazi Ibrahim Shaker Company (the “Company” (or) the “Parent Company” (or) “HGISC”) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 and listed on the Saudi Stock Exchange (“Tadawul”).

The address of the Group’s head office and the principal activities of HGISC and its subsidiaries (collectively the “Group”) remain the same as disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

On May 19, 2024, the general assembly approved transferring SAR 71.682 million from reserve to retained earnings.

Also, on May 19, 2024, the general assembly approved the Board of Directors recommendation to increase the Company’s capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid-up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of issued shares has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserves account. The legal formalities for the new capital are still in process till the date of issuance of these condensed consolidated interim financial information. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

As at June 30, 2024, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided into 55.5 million shares of SR 10 each (December 31, 2023: SR 482.3 million divided into 48.2 million shares of SR 10 each).

This condensed consolidated interim financial information has been reviewed, but not audited.

**2 Basis of preparation and material accounting policy information**

**2.1 Basis of preparation**

This condensed consolidated interim financial information for the six-month period ended June 30, 2024 has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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

The condensed consolidated interim financial information comprises the financial information of the Company and its subsidiaries (“the Group”).

**2.2 Material accounting policy information**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial information for the year ended December 31, 2023.

**2.3 New and amended standards adopted by the Group**

New standards and amendments to the IFRS, effective from January 1, 2024 or later-on, do not have any effect on the Group’s financial statements. Further, the Group has not early adopted any new standard, interpretation or amendment that have been issued but that are not yet effective.

**2.4 Critical accounting estimates and judgments**

The preparation of the Group’s condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial information was 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.

As at June 30, 2024, management believes that all sources of estimation uncertainty remain similar to those disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2023. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.



**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 Property and equipment**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Beginning – Net book value	176,556	178,306
Additions for the period / year	1,318	2,204
Depreciation charge for the period / year	(1,867)	(3,913)
Disposals for the period / year	-	(41)
Closing – Net book value	<u>176,007</u>	<u>176,556</u>

**4 Intangible assets and goodwill**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Goodwill – note 4.1	<u>9,854</u>	<u>9,854</u>
	<u>9,854</u>	<u>9,854</u>

- 4.1 Effective November 12, 2014, HGISC acquired effectively 100% shareholding in ASDAA Gulf Trading Company (“ASDAA”) for a purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been recorded as goodwill. Based on the impairment assessment using value in use model made at the end of 2023 financial year, there was sufficient head room available, and accordingly, no impairment loss was recognized.

The Group’s management performs goodwill impairment assessment annually and when there are indicators that the carrying value of goodwill may be impaired. Group’s management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on December 31, 2023 will not cause the carrying value of the goodwill to materially exceeds its recoverable amount. Accordingly, no impairment loss was recognized for the six-month period ended June 30, 2024.

**5 Investment in an associate**

Name of company	Principal activities	Country of incorporation	Effective interest at	
			<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
LG Shaker Company Limited (“LG Shaker”)	Manufacture of air conditioners	Saudi Arabia	49%	49%
Ajeek Maintenance Service Company Limited (“Ajeek”)	Consumer electronics repair	Saudi Arabia	49%	49%

Reconciliation for the investment in an associate is as follows:

	<b>LG Shaker</b>	<b>Ajeek</b>	<b>Total</b>
<b>At January 1, 2024</b>	<b>465,534</b>	<b>1,425</b>	<b>466,959</b>
Share of profit for the period	27,055	-	27,055
<b>At June 30, 2024 (Unaudited)</b>	<b>492,589</b>	<b>1,425</b>	<b>494,014</b>
<b>At January 1, 2023</b>	466,174	-	466,174
Additions	-	1,425	1,425
Share of profit for the year	36,110	-	36,110
Dividends	(36,750)	-	(36,750)
<b>At December 31, 2023 (Audited)</b>	<b>465,534</b>	<b>1,425</b>	<b>466,959</b>

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
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**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**5 Investment in an associate (continued)**

LG Shaker

The following table summarizes the financial information of a material associate - LG Shaker as included in its own financial statements.

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Non-current assets	107,300	107,645
Current assets	447,440	369,636
Non-current liabilities	(11,976)	(11,582)
Current liabilities	(140,719)	(116,672)
<b>Net assets</b>	<b>402,045</b>	<b>349,027</b>
	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Revenue	413,592	612,029
Total comprehensive income (100%) (*)	53,017	88,738
Group share of total comprehensive income (49%) (*)	27,055	36,110

(\*) The difference between the Group's share in net assets of the associate and share of total comprehensive income and 49% of associate reported net assets and total comprehensive income pertains to the adjustment made for the elimination of unrealized profit on upstream transactions between the Group and its associate.

**6 Inventories**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Finished goods	306,067	337,911
Spare parts	30,202	31,989
Goods in transit	19,601	34,964
	<b>355,870</b>	<b>404,864</b>
Impairment losses on inventories	(27,211)	(30,886)
	<b>328,659</b>	<b>373,978</b>

Reconciliation of the impairment losses on inventories is as follows:

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Balance at beginning of period / year	30,886	48,856
Charge for the period / year	300	4,473
Utilized during the period / year	(3,975)	(22,443)
Balance at end of period / year	<b>27,211</b>	<b>30,886</b>

**7 Trade and other receivables**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Trade receivables	510,525	372,804
Less: Impairment loss on trade receivables	(44,304)	(35,361)
	<b>466,221</b>	<b>337,443</b>
Other receivables:		
Promotions claims from suppliers	19,124	18,587
Custom duty deposit	-	5,956
Impairment losses on other receivables	-	(5,956)
	<b>485,345</b>	<b>356,030</b>

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
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**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**7 Trade and other receivables** (continued)

Reconciliation of impairment losses on receivables is as follows:

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Balance at beginning of period / year	35,361	60,117
Charge for the period / year	9,000	1,440
Write-off during the period/year	(57)	(26,196)
Balance at end of period / year	<b>44,304</b>	<b>35,361</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at June 30, 2024 and December 31, 2023:

<b>June 30, 2024 (Unaudited)</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss</b>	<b>Loss allowance (%)</b>
1-90 days	323,323	13,902	4.3%
91-180 days	137,752	3,316	2.4%
181-270 days	12,096	438	3.6%
271-360 days	10,098	1,156	11.5%
More than 360 days	27,256	25,492	93.5%
	<b>510,525</b>	<b>44,304</b>	<b>8.7%</b>
	<b>December 31, 2023 (Audited)</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss</b>	<b>Loss allowance (%)</b>
1-90 days	219,766	9,433	4.3%
91-180 days	97,685	2,425	2.5%
181-270 days	27,711	942	3.4%
271-360 days	3,507	319	9.1%
More than 360 days	24,136	22,242	92.2%
	<b>372,804</b>	<b>35,361</b>	<b>9.5%</b>

**8 Prepayments and other debit balances**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b>Advances</b>		
Advances to suppliers	29,237	33,621
Other advances	18,350	29,257
Advances to employees	1,468	3,876
<b>Total advances</b>	<b>49,055</b>	<b>66,754</b>
Amounts due from a related party (note 17)	915	-
Prepaid expenses	18,399	14,336
Cash margin	5,019	5,547
Others	1,666	1,666
	<b>75,054</b>	<b>88,303</b>

**9 Cash and cash equivalents**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Cash in hand	2,469	790
Bank balances – current accounts	33,600	18,053
Bank balances – deposits (*)	23,046	-
Total	<b>59,115</b>	<b>18,843</b>

\* These deposits are maintained with financial institution and have a maturity of three months or less. These deposits earn commission at an average rate of 6.07% - 6.17% per annum.

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**10 Lease liabilities and borrowings**

The Group has credit facility agreements with local and foreign commercial banks for long and short-term borrowings in Saudi Riyal and US Dollar. Such facilities were obtained principally under Murabaha/Tawarruq arrangements. Certain facility agreements are secured against promissory notes, corporate guarantees of the Group are provided wherever required for loans to subsidiaries. The facilities bear financial charges on prevailing market rates.

**Secured liabilities and assets pledged as security**

All bank loans are secured by promissory notes signed by the parent Company equal to the maximum facility amount. These promissory notes amounted to SR 1,905 million as at June 30, 2024 and (December 31, 2023: SR 1,825 million).

**Compliance with loan covenants**

Under the terms of the loan agreements, the Group is required to commit to certain levels for the following financial covenants:

- 1 Financial leverage ratio;
- 2 Current ratio;
- 3 Gearing ratio (Debt to equity not to exceed 1.5:1); and
- 4 Ratio of total liabilities and tangible net worth.

As of June 30, 2024, the Group's total borrowing facilities amounted to SAR 1,905 million out of which SAR 1,331 million was unutilized.

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b>Current:</b>		
Lease liabilities	5,421	5,240
Bank borrowings	<b>381,749</b>	397,126
	<b>387,170</b>	402,366
<b>Non-current:</b>		
Lease liabilities	10,202	11,229
Bank borrowings	-	-
Total lease liabilities	<b>15,623</b>	16,469
Total bank borrowings	<b>381,749</b>	397,126
Total lease liabilities and borrowings	<b>397,372</b>	413,595

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**11 Trade and other payables**

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Trade payables due to related parties (note 17)	<b>274,583</b>	164,308
Trade payables - third party	<b>22,065</b>	34,134
<b>Total trade payables</b>	<b>296,648</b>	198,442
Accrued expenses	<b>16,625</b>	16,461
Employee benefits	<b>17,722</b>	15,340
Contract liabilities-advance from customers	<b>27,056</b>	32,982
Accrued cost for vendors	<b>7,645</b>	5,131
Refund Liabilities	<b>2,201</b>	2,201
Other payables	<b>77,580</b>	63,015
<b>Total other payables</b>	<b>148,829</b>	135,130
<b>Total trade and other payables</b>	<b>445,477</b>	333,572

**12 Zakat liabilities**

The Group submitted its zakat returns for the years up to 2023 to the Zakat, Tax and Customs Authority (“ZATCA”). Moreover, the Group’s zakat returns up to the year 2022 were finalized and the related liabilities were paid. The Group’s management and its zakat advisor believe that the current level of zakat provision is sufficient and adequate.

**13 Revenue**

The Group’s revenue is derived from contracts with customers for sale of products and services provided. Control of product is transferred at a point in time and directly sold to customers and when services are rendered.

	<b>HVAC solutions</b>	<b>Home appliances</b>	<b>All other Segments</b>	<b>Total</b>
<b>June 30, 2024 (Unaudited)</b>				
Saudi Arabia	<b>522,070</b>	<b>234,951</b>	<b>1,360</b>	<b>758,381</b>
<b>June 30, 2023 (Unaudited)</b>				
Saudi Arabia	395,478	258,479	-	653,957

**14 Operating segments**

For management purposes, the Group is organized into two main business segments based on internal reporting provided to the chief operating decision maker.

Heating, ventilation, and air-conditioning solutions (HVAC): Represents residential and commercially conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

CoDM uses segments Profit Before Tax (PBT) to measure performance being the most relevant in evaluating the results of segments.

Transfer prices between operating segments are on mutually agreed terms in a manner similar to transactions with third parties.

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**14 Operating segments** (continued)

Segment information provided to the board of directors:

The table below shows the segment information provided to the Board of Directors for the reportable segments for the period ended June 30, 2024 and June 30, 2023, also the basis on which revenue is recognized:

<b>For the period ended June 30, 2024</b>	<b>HVAC Solutions</b>	<b>Home appliances</b>	<b>Total reportable segments</b>	<b>Other</b>	<b>Total</b>
Revenues from external customers	522,070	234,951	757,021	1,360	758,381
Cost of sales	(376,596)	(200,021)	(576,617)	(803)	(577,420)
<b>Gross profit</b>	<b>145,474</b>	<b>34,930</b>	<b>180,404</b>	<b>557</b>	<b>180,961</b>
General and administrative expenses	(39,360)	(19,206)	(58,566)	-	(58,566)
Selling and distribution expenses	(55,617)	(15,293)	(70,910)	(67)	(70,977)
Impairment loss on trade and other receivables	(9,000)	-	(9,000)	-	(9,000)
Other income, net	462	-	462	-	462
<b>Income from operations</b>	<b>41,959</b>	<b>431</b>	<b>42,390</b>	<b>490</b>	<b>42,880</b>
Finance costs	(17,541)	(1,442)	(18,983)	-	(18,983)
Foreign exchange (loss) /gain	(62)	305	243	-	243
Share of net profit from an associate	27,055	-	27,055	-	27,055
<b>Segments profit before zakat</b>	<b>51,411</b>	<b>(706)</b>	<b>50,705</b>	<b>490</b>	<b>51,195</b>
Zakat expense	(2,303)	(195)	(2,498)	-	(2,498)
<b>Net income for the period</b>	<b>49,108</b>	<b>(901)</b>	<b>48,207</b>	<b>490</b>	<b>48,697</b>

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**14 Operating segments** (continued)

<b>For the period ended June 30, 2023</b>	HVAC Solutions	Home appliances	Total reportable segments	Other	Total
Revenues from external customers	395,478	258,479	653,957	-	653,957
Cost of sales	(284,207)	(208,414)	(492,621)	-	(492,621)
<b>Gross profit</b>	111,271	50,065	161,336	-	161,336
General and administrative expenses	(31,524)	(18,038)	(49,562)	-	(49,562)
Selling and distribution expenses	(42,119)	(20,265)	(62,384)	-	(62,384)
Impairment loss on trade and other receivables	(2,440)	-	(2,440)	-	(2,440)
Other income, net	1,469	-	1,469	-	1,469
<b>Income from operations</b>	36,657	11,762	48,419	-	48,419
Finance costs	(24,002)	(583)	(24,585)	-	(24,585)
Foreign exchange (loss) /gain	(484)	18	(466)	-	(466)
Share of net profit from an associate	25,245	-	25,245	-	25,245
<b>Segments profit before zakat</b>	37,416	11,197	48,613	-	48,613
Zakat expense	(2,722)	(1,828)	(4,550)	-	(4,550)
<b>Profit for the period from continued operations</b>	34,694	9,369	44,063	-	44,063
<b>Discontinued operations</b>					
Gain from discontinued operations	1,452	-	1,452	-	1,452
<b>Net income for the period</b>	36,146	9,369	45,515	-	45,515



**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**14 Operating segments** (continued)

Segment information provided to the Board of Directors: (continued)

<b>June 30, 2024</b>	<b>HVAC solutions</b>	<b>Home Appliances</b>	<b>Total reportable segments</b>	<b>All other segments</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Reportable segment assets	<b>1,840,942</b>	<b>880,298</b>	<b>2,721,240</b>	<b>6,176</b>	<b>(1,081,631)</b>	<b>1,645,785</b>
Additions to property and equipment	<b>1,300</b>	<b>18</b>	<b>1,318</b>	-	-	<b>1,318</b>
December 31, 2023	HVAC Solutions	Home Appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
Reportable segment assets	1,658,150	820,174	2,478,324	4,153	(973,652)	1,508,825
Additions to property and equipment	2,165	39	2,204	-	-	2,204
<b>June 30, 2024</b>	<b>HVAC Solutions</b>	<b>Home appliances</b>	<b>Total reportable segments</b>	<b>All other segments</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Total segment liabilities	<b>1,044,645</b>	<b>567,916</b>	<b>1,612,561</b>	<b>5,543</b>	<b>(738,483)</b>	<b>879,621</b>
December 31, 2023	HVAC Solutions	Home appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
Total segment liabilities	909,994	505,267	1,415,261	4,110	(628,275)	791,096

Adjustments and eliminations represent intercompany transactions and consolidation elimination entries transactions, and the intercompany transactions are mainly related to financing transactions.

All non-current assets are geographically located in Saudi Arabia as at June 30, 2024 and December 31, 2023.

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**15 Seasonality of operations**

The Group's HVAC solutions segments is subject to seasonal fluctuation as a result of weather conditions. In particular, the sale of air conditioners in key geographic areas are affected by winter weather conditions, which occur primarily during October to March. The Group attempts to minimize the seasonal impact by managing inventories to meet demand during this period.

For the 12 months ended June 30, 2024, the HVAC solutions segment reported revenue of SR 926.3 million (for 12 months ended June 30, 2023: SR 714.6 million) and net profit of SR 65.4 million (net profit for 12 months ended June 30, 2023: SR 54.9 million).

**16 Capital and financial risk management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at June 30, 2024 and December 31, 2023 was as follows:

	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Total liabilities	<b>879,621</b>	791,096
Less: cash and cash equivalents	<b>(59,115)</b>	(18,843)
<b>Adjusted net debt</b>	<b>820,506</b>	772,253
<b>Total equity</b>	<b>766,164</b>	717,729
<b>Equity</b>	<b>766,164</b>	717,729
<b>Adjusted net debt to equity ratio</b>	<b>107%</b>	108%

The management believes that the Group has the ability to meet its obligations as:

- (a) The Group's current assets are more than its current liabilities; and
- (b) The Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (see Note 10).

Management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources and borrowing facilities from multiple banks to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, this condensed consolidated interim financial information has been prepared on a going concern basis.

**17 Related parties**

- (a) *Transactions with key management personnel*

The following table describes compensations to key management personnel:

	<b>June 30, 2024 (Unaudited)</b>	<b>June 30, 2023 (Unaudited)</b>
Short-term employees' benefits	<b>6,360</b>	4,972
Board of Directors and Audit Committee remuneration	<b>1,326</b>	1,249

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**17 Related parties** (continued)

(b) *Related parties' balances and transactions*

Name	Relationship	Nature of Transaction	Transactions		Balances	
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
<b>Due to related parties - under trade and other payables (*)</b>						
LG Shaker	Associate	Purchase of finished goods	<b>382,795</b>	671,272	<b>254,200</b>	162,968
LG Electronics	A 51% owner of LG Shaker Company (Note 5)	Purchase of finished goods	<b>32,127</b>	49,824	<b>19,973</b>	1,340
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	<b>133,636</b>	-	<b>410</b>	-
					<b>274,583</b>	164,308
<b>Due from related parties - under prepayments and other debit balances (unsecured)</b>						
Ajeek	Associate	Expenses paid on behalf	<b>915</b>	-	<b>915</b>	-
					<b>915</b>	-

(\*) These transactions are conducted in accordance with the terms and conditions of commission and are determined in the agreements signed with the related parties and approved by the management.

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**18 Contingencies and commitments**

The Group has the following as of June 30, 2024:

- a) On June 30, 2024, the Group has outstanding bank guarantees of SR 80.5 million (December 31, 2023: SR 87.2 million) issued by local and foreign banks in respect of importing of finished goods and other supplies.
- b) At June 30, 2024, the Group has outstanding bank letters of credit of SR 111.5 million (December 31, 2023: SR 81.7 million) issued against importing of finished goods and other supplies.
- c) The Group has a contractual obligation regarding the purchase of land amounting to SR 10.9 million as of June 30, 2024.

**19 Disposal groups**

**19.1 Disposal group – Sale of New Vision Company**

On May 16, 2023, The Group signed an agreement for sale its entire share of investment in New vision Company for a transaction price of SR 27.5 million which was 60% owned by the Group. An analysis of the results in relation to the operations of disposal group classified as held for sale during the six-month period ended June 30, 2023, and 2024 is as follows:

**19.1.a Financial performance and cash flow information**

	<b>For the period ended June 30, 2024</b>	<b>For the period ended May 16, 2023</b>
Revenue	-	39,782
Expenses	-	(37,635)
<b>Profit before zakat and income tax</b>	-	2,147
Income tax expense	-	-
<b>Net profit from discontinued operations</b>	-	2,147
Other comprehensive income from discontinued operations	-	-
<b>Total comprehensive income from discontinued operations</b>	-	2,147
Net cash used in operating activities	-	(805)
Net cash (used in) / generated from investing activities	-	(1,320)
Net cash (used in) / generated from financing activities	-	(135)
<b>Net (decrease) / increase in cash and cash equivalent from the discontinued operations</b>	-	(2,260)

**19.1.b Assets and liabilities of disposal group classified as held for sale**

The following assets and liabilities for sale in relation to the discontinued operations as at May 16, 2023:

	<b>May 16, 2023</b>
<b>Assets relating to disposal group</b>	
Property and equipment	13,152
Right of use of assets	2,019
Intangible assets	669
Inventory	16,419
Trade and other receivables	41,671
Prepayments and other debt balances	2,985
Cash and cash equivalents	5,720
<b>Total assets of disposal group</b>	<b>82,635</b>
<b>Liabilities relating to disposal group</b>	
Short term loans	9,827
Lease Liabilities	1,903
Trade and other payables	23,856
<b>Total liabilities of disposal group</b>	<b>35,586</b>
Net assets of disposal group	47,049

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the six-month period ended June 30, 2024 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**19 Disposal groups** (continued)

**19.1 Disposal group – Sale of New Vision Company** (continued)

**19.1.b Assets and liabilities of disposal group classified as held for sale** (continued)

As at June 30, 2024 and December 31, 2023, there were no assets and liabilities for sale in relation to the discontinued operations.

The statement of profit or loss and other comprehensive income shows the following amounts relating to net gain from discontinued operations for the six-month period ended June 30:

	<u>2024</u>	<u>2023</u>
Net gain from New Vision	-	2,147
Net loss from disposal of new vision	-	(695)
<b>Total gain from discontinued operations</b>	<b>-</b>	<b>1,452</b>

**20 Basic and diluted earnings per share**

Basic and diluted earnings per share amounts are calculated by dividing the earnings for the six-month period ended attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<b>Earnings attributable to ordinary shareholders</b>		
From continuing operations	<b>48,697</b>	44,063
From discontinued operations	-	593
	<b>48,697</b>	<b>44,656</b>
<b>Weighted average number of ordinary shares outstanding (*)</b>	<b>55,500</b>	55,500
<b>Basic and diluted earnings per share</b>		
From continuing operations attributable to the owners of the Parent Company	<b>0.88</b>	0.79
From discontinued operations attributable to the owners of the Parent Company	-	0.01
<b>Total basic and diluted earnings per share attributable to the owners of the Parent Company</b>	<b>0.88</b>	0.80

(\*) The weighted average number of ordinary shares outstanding has been retrospectively adjusted for the prior period to reflect the effect of the changes in number of shares due to issuance of bonus shares as disclosed in note 1.

**21 Subsequent events**

There are no subsequent events after the six-month period ended June 30, 2024 which require adjustment or disclosure to this condensed consolidated interim financial information.

**22 Approval of the financial information**

This condensed consolidated interim financial information was approved by the Company's Board of Directors on July 28, 2024.