

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

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION FOR
THE THREE-MONTH AND
NINE-MONTH PERIOD ENDED SEPTEMBER 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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

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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 at September 30, 2024 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated statements of changes in equity and of cash flows for the nine-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 Mahdhar
License Number 368

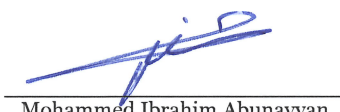
November 4, 2024

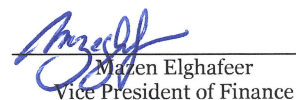
AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	175,810	176,556
Right-of-use assets		15,544	17,552
Intangible assets and goodwill	4	9,854	9,854
Investment in an associate	5	499,135	466,959
Equity investment at fair value through other comprehensive income		750	750
Total non-current assets		701,093	671,671
Current assets			
Inventories	6	340,618	373,978
Trade and other receivables	7	443,023	356,030
Prepayments and other debit balances	8	62,301	88,303
Cash and cash equivalents	9	96,880	18,843
Total current assets		942,822	837,154
Total assets		1,643,915	1,508,825
EQUITY AND LIABILITIES			
Equity			
Share capital	1	555,000	482,334
Reserves	1	-	144,348
Retained earnings		228,607	91,047
Total equity		783,607	717,729
Liabilities			
Non-current liabilities			
Lease liabilities – noncurrent portion	10	9,380	11,229
Employees' benefits obligation		26,304	24,430
Total non-current liabilities		35,684	35,659
Current liabilities			
Lease liabilities and borrowings	10	347,905	402,366
Trade and other payables	11	463,899	333,572
Zakat liabilities	12	3,911	6,542
Warranty provision		8,909	12,957
Total current liabilities		824,624	755,437
Total liabilities		860,308	791,096
Total equity and liabilities		1,643,915	1,508,825

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


Abdulrahman 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 September 30,		Nine-month period ended September 30,	
		2024	2023	2024	2023
Revenue	13	358,616	322,719	1,116,997	976,676
Cost of sales		(269,771)	(241,355)	(847,191)	(733,976)
Gross profit		88,845	81,364	269,806	242,700
General and administrative expenses		(28,476)	(26,725)	(87,042)	(76,287)
Selling and distribution expenses		(35,937)	(35,560)	(106,914)	(97,944)
Impairment loss on trade and other receivables		(3,000)	(400)	(12,000)	(2,840)
Other income, net		1,165	421	1,627	1,890
Income from operations		22,597	19,100	65,477	67,519
Finance costs		(7,639)	(11,768)	(26,622)	(36,353)
Foreign exchange (loss) / gain		(363)	327	(120)	(139)
Share of net profit from an associate	5	5,121	13,015	32,176	38,260
Profit before zakat and foreign income tax		19,716	20,674	70,911	69,287
Zakat and foreign income tax expense		(1,999)	(3,900)	(4,497)	(8,450)
Net income for the period from continuing operations		17,717	16,774	66,414	60,837
Discontinued operations:					
Gain from discontinued operations			-	-	1,452
Net income for the period		17,717	16,774	66,414	62,289
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Re-measurement of the defined benefit liability		(274)	68	(536)	(1,755)
Other comprehensive income / (loss) for the period		(274)	68	(536)	(1,755)
Continuing operations		(274)	68	(536)	(1,755)
Discontinuing operations		-	-	-	-
Total comprehensive income for the period		17,443	16,842	65,878	60,534
Profit attributable to:					
Owners of the company		17,717	16,774	66,414	61,430
Non-controlling interests		-	-	-	859
		17,717	16,774	66,414	62,289
Total comprehensive income attributable to:					
Owners of the Company		17,443	16,842	65,878	59,675
Non-controlling interests		-	-	-	859
		17,443	16,842	65,878	60,534
Earnings per share (Saudi Riyals):					
Basic and diluted earnings per share	20	0.32	0.30	1.20	1.11

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


Abdulrahman Abdullah Abunayyan
Chairman

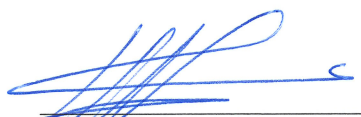

Mohammed Ibrahim Abunayyan
Chief Executive Officer

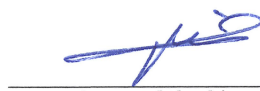

Mazen Elghafeer
Vice President of Finance

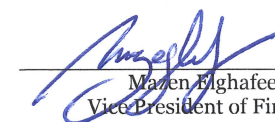
AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity - Unaudited
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Equity attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
January 1, 2024 (Audited)	482,334	144,348	91,047	717,729	-	717,729
Net income for the period	-	-	66,414	66,414	-	66,414
Other comprehensive loss for the period	-	-	(536)	(536)	-	(536)
Total comprehensive income for the period	482,334	144,348	156,925	783,607	-	783,607
Increase in share capital	72,666	(72,666)	-	-	-	-
Transfer from statutory reserves	-	(71,682)	71,682	-	-	-
September 30, 2024 (Unaudited)	555,000	-	228,607	783,607	-	783,607
January 1, 2023 (Audited)	482,334	144,348	27,521	654,203	18,042	672,245
Net income for the period	-	-	61,430	61,430	859	62,289
Other comprehensive loss for the period	-	-	(1,755)	(1,755)	-	(1,755)
Total comprehensive income for the period	-	-	59,675	59,675	859	60,534
Disposal of a subsidiary (note 19)	-	-	-	-	(18,901)	(18,901)
September 30, 2023 (Unaudited)	482,334	144,348	87,196	713,878	-	713,878

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

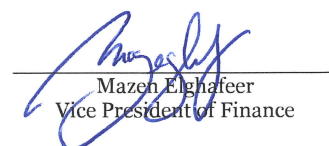
AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows - Unaudited
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Nine-month period ended September 30,	
		2024	2023
Cash flows from operating activities			
Profit before zakat and foreign income tax:			
From continued operations		70,911	69,287
From discontinued operations		-	1,452
Adjustments for non-cash items			
Depreciation	3	2,680	2,948
Depreciation of right of use assets		4,051	4,872
Impairment losses on trade and other receivables	7	12,000	2,840
Provision for slow-moving inventories	6	1,150	2,040
Share of profit from an associate	5	(32,176)	(38,260)
Provision for employees' benefit obligation		3,238	2,435
Finance costs		26,622	36,353
Gain on disposal of a subsidiary	19	-	(1,452)
Changes in working capital			
Trade and other receivables		(98,993)	(174,632)
Inventories		32,210	15,543
Prepayments and other debit balances		26,002	(31,705)
Trade and other payables		130,327	102,627
Warranty provision		(4,048)	(1,459)
Zakat paid		(7,128)	(12,326)
Finance costs paid		(26,124)	(35,522)
Employee benefits obligation paid		(1,900)	(987)
Net cash generated / (used in) operating activities		138,822	(55,946)
Cash flows from investing activities			
Additions to property and equipment	3	(1,934)	(2,015)
Additions to equity investment at fair value through other comprehensive income		-	(751)
Proceeds from sale of Subsidiary	19	-	27,534
Net cash (used in) / generated investing activities		(1,934)	24,768
Cash flows from financing activities			
Payment of lease liabilities		(4,579)	(5,145)
Repayment of bank borrowings		(911,794)	(1,784,406)
Proceeds from bank borrowings		857,522	1,762,154
Change in non-controlling interest		-	18,901
Net cash used in financing activities		(58,851)	(8,496)
Net change in cash and cash equivalents		78,037	(39,674)
Cash and cash equivalents at beginning of the period	9	18,843	72,711
Cash and cash equivalents at end of the period	9	96,880	33,037
Non-cash transactions			
Capital increase	1	72,666	-
Transfer to retained earnings	1	71,682	-
Addition to right of use of assets and lease liabilities		2,043	-
Actuarial loss from re-measurement of employees' benefit obligation		(536)	(1,755)
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
Chairman


Mohammed Ibrahim Abunayyan
Chief Executive Officer


Mazen Elghafeer
Vice President of Finance

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

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 reserve account.

As at September 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 nine-month period ended September 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 September 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 nine-month period ended September 30, 2024 (Unaudited)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

3 Property and equipment

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning – Net book value	176,556	178,306
Additions for the period / year	1,934	2,204
Depreciation charge for the period / year	(2,680)	(3,913)
Disposals for the period / year	-	(41)
Closing – Net book value	<u>175,810</u>	<u>176,556</u>

4 Intangible assets and goodwill

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
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 nine-month period ended September 30, 2024.

5 Investment in an associate

Name of company	Principal activities	Country of incorporation	Effective interest at	
			September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
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	<u>49%</u>	<u>49%</u>

Reconciliation for the investment in an associate is as follows:

	LG Shaker	Ajeek	Total
At January 1, 2024	465,534	1,425	466,959
Share of profit for the period	32,176	-	32,176
At September 30, 2024 (Unaudited)	<u>497,710</u>	<u>1,425</u>	<u>499,135</u>
At January 1, 2023	466,174	-	466,174
Additions	-	1,425	1,425
Share of profit for the year	36,110	-	36,110
Dividends	(36,750)	-	(36,750)
At December 31, 2023 (Audited)	<u>465,534</u>	<u>1,425</u>	<u>466,959</u>

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information
For the nine-month period ended September 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current assets	116,658	107,645
Current assets	469,635	369,636
Non-current liabilities	(14,179)	(11,582)
Current liabilities	(162,692)	(116,672)
Net assets	409,422	349,027
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenue	563,682	612,029
Total comprehensive income (100%) (*)	60,394	88,738
Group share of total comprehensive income (49%) (*)	32,176	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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Finished goods	318,458	337,911
Spare parts	25,274	31,989
Goods in transit	24,947	34,964
	368,679	404,864
Impairment losses on inventories	(28,061)	(30,886)
	340,618	373,978

Reconciliation of the impairment losses on inventories is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period / year	30,886	48,856
Charge for the period / year	1,150	4,473
Utilized during the period / year	(3,975)	(22,443)
Balance at end of period / year	28,061	30,886

7 Trade and other receivables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	479,675	372,804
Less: Impairment loss on trade receivables	(47,304)	(35,361)
	432,371	337,443
Other receivables:		
Advertisement claims from suppliers	10,652	18,587
Custom duty deposit	-	5,956
Impairment losses on other receivables	-	(5,956)
	443,023	356,030

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information
For the nine-month period ended September 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period / year	35,361	60,117
Charge for the period / year	12,000	1,440
Write-off during the period/year	(57)	(26,196)
Balance at end of period / year	<u>47,304</u>	<u>35,361</u>

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

September 30, 2024 (Unaudited)	Gross carrying amount	Weighted-average loss	Loss allowance (%)
1-90 days	304,504	17,359	5.7%
91-180 days	102,975	2,570	2.5%
181-270 days	30,189	1,033	3.4%
271-360 days	6,763	673	9.9%
More than 360 days	35,244	25,669	72.8%
	<u>479,675</u>	<u>47,304</u>	<u>9.9%</u>
December 31, 2023 (Audited)	Gross carrying amount	Weighted-average loss	Loss allowance (%)
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	3,506	319	9.1%
More than 360 days	24,136	22,242	92.2%
	<u>372,804</u>	<u>35,361</u>	<u>9.5%</u>

8 Prepayments and other debit balances

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances		
Advances to suppliers	17,503	33,621
Other advances	16,862	29,257
Advances to employees	1,561	3,876
Total advances	<u>35,926</u>	<u>66,754</u>
Amounts due from a related party (note 17)	1,213	-
Prepaid expenses	18,945	14,336
Cash margin	4,549	5,547
Others	1,668	1,666
	<u>62,301</u>	<u>88,303</u>

9 Cash and cash equivalents

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in hand	1,521	790
Bank balances – current accounts	38,506	18,053
Bank balances – deposits (*)	56,437	-
Credit Cards	416	-
Total	<u>96,880</u>	<u>18,843</u>

* 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 5.04% - 6.00% per annum.

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(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information
For the nine-month period ended September 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 2,368 million as at September 30, 2024 (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.

The Group complied with all financial covenants as of September 30, 2024.

As of September 30, 2024, the Group's total borrowing facilities amounted to SAR 2,368 million out of which SAR 1,840 million was unutilized.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:		
Lease liabilities	5,051	5,240
Bank borrowings	<u>342,854</u>	<u>397,126</u>
	347,905	402,366
Non-current:		
Lease liabilities	9,380	11,229
Bank borrowings	-	-
	<u>14,431</u>	<u>16,469</u>
Total lease liabilities	<u>14,431</u>	<u>16,469</u>
Total bank borrowings	<u>342,854</u>	<u>397,126</u>
Total lease liabilities and borrowings	<u>357,285</u>	<u>413,595</u>

11 Trade and other payables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables due to related parties (note 17)	298,590	164,308
Trade payables - third party	<u>23,805</u>	<u>34,134</u>
Total trade payables	<u>322,395</u>	<u>198,442</u>
Accrued expenses	20,230	16,461
Employee benefits	15,624	15,340
Contract liabilities-advance from customers	22,876	32,982
Accrued cost for vendors	6,752	5,131
Refund Liabilities	2,201	2,201
Other payables	<u>73,821</u>	<u>63,015</u>
Total other payables	<u>141,504</u>	<u>135,130</u>
Total trade and other payables	<u>463,899</u>	<u>333,572</u>

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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.

September 30, 2024 (Unaudited)	HVAC solutions	Home appliances	All other segments	Total
Saudi Arabia	808,417	305,334	3,246	1,116,997
September 30, 2023 (Unaudited)				
Saudi Arabia	623,300	353,376	-	976,676

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.

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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 September 30, 2024 and September 30, 2023, also the basis on which revenue is recognized:

For the period ended September 30, 2024	HVAC Solutions	Home appliances	Total reportable segments	Other	Total
Revenues from external customers	808,417	305,334	1,113,751	3,246	1,116,997
Cost of sales	(589,484)	(256,467)	(845,951)	(1,240)	(847,191)
Gross profit	218,933	48,867	267,800	2,006	269,806
General and administrative expenses	(61,790)	(24,947)	(86,737)	(305)	(87,042)
Selling and distribution expenses	(83,677)	(22,211)	(105,888)	(1,026)	(106,914)
Impairment loss on trade and other receivables	(12,000)	-	(12,000)	-	(12,000)
Other income, net	1,627	-	1,627	-	1,627
Income from operations	63,093	1,709	64,802	675	65,477
Finance costs	(25,021)	(1,600)	(26,621)	(1)	(26,622)
Foreign exchange (loss) / gain	(348)	228	(120)	-	(120)
Share of net profit from an associate	32,176	-	32,176	-	32,176
Segments profit / (loss) before zakat	69,900	337	70,237	674	70,911
Zakat expense	(4,497)	-	(4,497)	-	(4,497)
Net income / (loss) for the period	65,403	337	65,740	674	66,414

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14 Operating segments (continued)

For the period ended September 30, 2023	HVAC Solutions	Home appliances	Total reportable segments	Total
Revenues from external customers	623,300	353,376	976,676	976,676
Cost of sales	(450,406)	(283,570)	(733,976)	(733,976)
Gross profit	172,894	69,806	242,700	242,700
General and administrative expenses	(50,577)	(25,710)	(76,287)	(76,287)
Selling and distribution expenses	(68,530)	(29,414)	(97,944)	(97,944)
Impairment loss on trade and other receivables	(2,840)	-	(2,840)	(2,840)
Other income, net	1,877	13	1,890	1,890
Income from operations	52,824	14,695	67,519	67,519
Finance costs	(35,542)	(811)	(36,353)	(36,353)
Foreign exchange (loss) / gain	(460)	321	(139)	(139)
Share of net profit from an associate	38,260	-	38,260	38,260
Segments profit before zakat and foreign income tax	55,082	14,205	69,287	69,287
Zakat and foreign income tax	(5,612)	(2,838)	(8,450)	(8,450)
Net income for the period from continued operations	49,470	11,367	60,837	60,837
Discontinued operations				
Gain from discontinued operations	1,452	-	1,452	1,452
Net income for the period	50,922	11,367	62,289	62,289

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14 Operating segments (continued)

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

	HVAC solutions	Home Appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
September 30, 2024						
Reportable segment assets	1,889,055	889,193	2,778,248	8,186	(1,142,519)	1,643,915
Additions to property and equipment	1,916	18	1,934	-	-	1,934
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
September 30, 2024	HVAC Solutions	Home appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
Total segment liabilities	1,079,009	575,994	1,655,003	7,468	(802,163)	860,308
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 September 30, 2024 and December 31, 2023.

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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 September 30, 2024, the HVAC solutions segment reported revenue of SR 985 million (for 12 months ended September 30, 2023: SR 780.5 million) and net profit of SR 66.9 million (net profit for 12 months ended September 30, 2023: SR 58.6 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 September 30, 2024 and December 31, 2023 was as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	860,308	791,096
Less: cash and cash equivalents	(96,880)	(18,843)
Adjusted net debt	763,428	772,253
Total equity	783,607	717,729
Equity	783,607	717,729
Adjusted net debt to equity ratio	97%	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:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Short-term employees' benefits	9,822	7,457
Board of Directors and Audit Committee remuneration	1,988	1,874

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17 Related parties (continued)

(b) *Related parties' balances and transactions*

Name	Relationship	Nature of Transaction	Transactions		Balances	
			September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Due to related parties - under trade and other payables (*)						
LG Shaker	Associate	Purchase of finished goods	697,479	671,272	269,799	162,968
LG Electronics	A 51% owner of LG Shaker Company (Note 5)	Purchase of finished goods	32,127	49,824	20,549	1,340
					290,348	164,308
Due from related parties - under prepayments and other debit balances (unsecured)						
Ajeek Maintenance Service Company Limited ("Ajeek")	Associate	Expenses paid on behalf	1,213	-	1,213	-
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	133,351	-	166	-
					1,379	-

(*) 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.

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18 Contingencies and commitments

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

- a) On September 30, 2024, the Group has outstanding bank guarantees of SR 82.3 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 September 30, 2024, the Group has outstanding bank letters of credit of SR 102.5 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 September 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 nine-month period ended September 30, 2023, and 2024 is as follows:

19.1.1 Financial performance and cash flow information

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

19.1.2 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:

	May 16, 2023
Assets relating to disposal group	
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
Total assets of disposal group	82,635
Liabilities relating to disposal group	
Short term loans	9,827
Lease Liabilities	1,903
Trade and other payables	23,856
Total liabilities of disposal group	35,586
Net assets of disposal group	47,049

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19 Disposal groups (continued)

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

19.1.2 Assets and liabilities of disposal group classified as held for sale (continued)

As at September 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 nine-month period ended September 30:

	September 30, 2024	September 30, 2023
Net gain from New Vision Company	-	2,147
Net loss from disposal of New Vision Company	-	(695)
Total gain from discontinued operations	-	1,452

20 Basic and diluted earnings per share

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

	September 30, 2024	September 30, 2023
Earnings attributable to ordinary shareholders		
From continuing operations	66,414	60,837
From discontinued operations	-	593
	66,414	61,430
Weighted average number of ordinary shares outstanding	55,500	55,500
Basic and diluted earnings per share		
From continuing operations attributable to the owners of the Parent Company	1.20	1.10
From discontinued operations attributable to the owners of the Parent Company	-	0.01
Total basic and diluted earnings per share attributable to the owners of the Parent Company	1.20	1.11

(*) 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 nine-month period ended September 30, 2024 which require adjustment or disclosure to this condensed consolidated interim financial information.

22 Approval of the condensed consolidated interim financial information

This condensed consolidated interim financial information was approved by the Company's Board of Directors on November 4, 2024.