

LULU RETAIL HOLDINGS LIMITED

**Review report and condensed consolidated
interim financial information**

for the six-month period ended 30 June 2024

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF LULU RETAIL HOLDINGS LIMITED

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Lulu Retail Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) as of 30 June 2024, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and material accounting policy information and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting (‘IAS 34’). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.) LLP



Faeza Bibi Sohawon
19 September 2024
Abu Dhabi
United Arab Emirates

Lulu Retail Holdings Limited

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2024

	Notes	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
ASSETS			
Non-current assets			
Property and equipment	7	1,441,265	1,461,430
Right-of-use assets	8	1,690,969	1,868,395
Investment properties	9	14,241	15,010
Investments at fair value through other comprehensive income (FVTOCI)		1,164	1,369
Other non-current assets		-	62
Deferred tax assets		17,289	11,779
Total non-current assets		3,164,928	3,358,045
Current assets			
Inventories	10	1,459,648	1,374,607
Trade and other receivables	11	357,968	331,507
Due from related parties	4	3,305	2,415,670
Cash and cash equivalents	12	309,004	277,694
		2,129,925	4,399,478
Asset classified as held for sale	5	-	246,628
Total current assets		2,129,925	4,646,106
Total assets		5,294,853	8,004,151
EQUITY AND LIABILITIES			
Equity			
Share capital	2	144,605	-
Capital reserve	2	-	65,282
Other reserves	2	32,682	20,405
Other equity	2	(16,899)	(10,898)
Retained earnings	2	743,631	692,118
Total equity, net		904,019	766,907

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Lulu Retail Holdings Limited

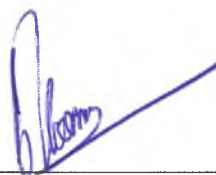
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2024 (continued)

	Notes	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Non-current liabilities			
Bank borrowings	13	5,393	513,378
Employees' defined benefit obligations	14	183,394	176,785
Lease liabilities	15	1,675,940	1,827,674
Deferred tax liabilities		152	4,633
Total non-current liabilities		1,864,879	2,522,470
Current liabilities			
Trade and other payables	16	1,404,232	1,380,024
Bank borrowings	13	847,651	615,625
Lease liabilities	15	166,580	173,428
Due to related parties	4	81,448	2,325,949
Tax payable		26,044	17,672
		2,525,955	4,512,698
Liabilities directly associated with assets held for sale	5	-	202,076
Total current liabilities		2,525,955	4,714,774
Total liabilities		4,390,834	7,237,244
Total equity and liabilities		5,294,853	8,004,151



Saifuddin Taher Bhai Rupawala
Director



Abdul Saleem Valiyakath Ibrahim Kutty
Director

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

Lulu Retail Holdings Limited

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month and six-month period ended 30 June

		<u>Three-month period ended</u> <u>30 June</u>		<u>Six-month period ended</u> <u>30 June</u>	
	Notes	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Continuing operations					
Revenue	17	1,928,119	1,861,422	3,867,722	3,664,174
Cost of revenue	18	(1,488,160)	(1,455,506)	(2,981,135)	(2,842,143)
Gross profit		439,959	405,916	886,587	822,031
Other operating income		81,868	67,952	148,788	126,171
Operating expenses	19	(424,891)	(396,871)	(831,861)	(777,861)
Finance costs, net		(33,951)	(39,736)	(75,989)	(86,621)
Profit before tax from continuing operations		62,985	37,261	127,525	83,720
Income tax expense	20	(6,736)	(7,759)	(11,108)	(11,799)
Profit for the period from continuing operations		56,249	29,502	116,417	71,921
Discontinued operations					
(Loss)/profit after tax for the period from discontinued operations	5	-	(1,793)	32,916	(7,819)
Profit for the period		56,249	27,709	149,333	64,102
Other comprehensive income					
<i>Item that will not be reclassified to profit or loss in subsequent period (net of tax):</i>					
Re-measurement loss on employees' defined benefit obligations		(13,321)	129	(2,767)	129
Net fair value (loss)/gain on equity investments at FVTOCI		(32)	43	(205)	(96)
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Exchange differences on translation of foreign operations		(460)	849	(3,029)	(271)
Other comprehensive (loss)/ income for the period		(13,813)	1,021	(6,001)	(238)
Total comprehensive income for the period		42,436	28,730	143,332	63,864
Earnings per share	21				
Basic and diluted (USD cents per share)		0.54	0.25	1.45	0.62
Earnings per share for continuing operations:					
Basic and diluted (USD cents per share)		0.54	0.27	1.13	0.70

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Lulu Retail Holdings Limited

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month period ended 30 June

	Share capital USD '000	Merger reserve USD '000	Capital reserve USD '000	Other reserves USD '000	Other equity USD '000	Retained earnings USD '000	Net equity USD '000
Balance at 1 January 2023 (audited)	-	-	65,282	20,237	(9,352)	716,989	793,156
Profit for the period	-	-	-	-	-	64,102	64,102
Other comprehensive loss for the period	-	-	-	-	(238)	-	(238)
Total comprehensive (loss)/ income for the period	-	-	-	-	(238)	64,102	63,864
Transfer to other reserves	-	-	-	(5)	-	5	-
At 30 June 2023 (unaudited)	-	-	65,282	20,232	(9,590)	781,096	857,020
Balance at 1 January 2024 (audited)	-	-	65,282	20,405	(10,898)	692,118	766,907
Profit for the period	-	-	-	-	-	149,333	149,333
Other comprehensive loss for the period	-	-	-	-	(6,001)	-	(6,001)
Total comprehensive (loss)/ income for the period	-	-	-	-	(6,001)	149,333	143,332
Issuance of shares and deemed distribution on reorganization (note 2)	5,164,453	(5,105,391)	(65,282)	-	-	-	(6,220)
Capital reduction (note 2)	(5,019,848)	5,019,848	-	-	-	-	-
Adjustment of merger reserve (note 2)	-	85,543	-	-	-	(85,543)	-
Transfer to other reserves	-	-	-	12,277	-	(12,277)	-
At 30 June 2024 (unaudited)	144,605	-	-	32,682	(16,899)	743,631	904,019

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Lulu Retail Holdings Limited

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month period ended 30 June

	Notes	Six-month period ended	
		30 June	
		2024	2023
		USD'000	USD'000
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before tax from continuing operations		127,525	83,720
Profit/(loss) before tax from discontinued operations		32,976	(7,925)
Profit before tax		160,501	75,795
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
Depreciation of property and equipment	7	79,952	77,176
Depreciation of right-of-use assets	8	111,763	145,075
Depreciation of investment properties	9	1,309	2,695
(Gain)/loss on disposal of property and equipment		(47)	70
Gain arising from lease terminations		(33,279)	(666)
Write-off of property and equipment		3,563	7,488
Interest expense		72,148	134,900
Interest income		(93)	(41,904)
Employees' defined benefit obligations		13,411	12,181
Amortisation of deferred gain on sale and lease back		-	(844)
Operating cash flows before movement in working capital		409,228	411,966
(Increase) decrease in due from related parties		(21,939)	25,257
(Increase)/decrease in inventories		(85,041)	11,598
Decrease/ (increase) in trade and other receivables		3,845	(113,997)
Decrease in other receivables		62	34
Increase in trade and other payables		11,130	36,498
Increase/ (decrease) in due to related parties		983	(372)
Cash generated from operations		318,268	370,984
Employees' defined benefit obligations paid		(8,785)	(9,444)
Income tax paid		(18,995)	(14,242)
Interest paid		(72,148)	(134,900)
Net cash generated from operating activities		218,340	212,398
Cash flows from investing activities			
Purchase of property and equipment		(58,370)	(78,005)
Purchase of investment properties		(19)	(333)
Proceeds from disposal of property and equipment		780	272
Net cash used in investing activities		(57,609)	(78,066)
Cash flows from financing activities			
Receipts/(payment) towards bank borrowings, net		257,737	(77,170)
Net funds (paid to)/received from related parties		(280,233)	170,951
Repayment of principal portion of lease liabilities		(98,139)	(137,433)
Repayment of loans from related parties		-	(159,107)
Net cash used in financing activities		(120,635)	(202,759)
Net increase / (decrease) in cash and cash equivalents		40,096	(68,427)
Cash and cash equivalents at beginning of the period		278,870	441,400
Effects of foreign exchange changes		(9,962)	(1,414)
Cash and cash equivalents at end of the period		309,004	371,559

Refer to Note 24 to this interim condensed consolidated financial information for disclosure of non-cash transactions.

The accompanying notes form an integral part of these interim condensed consolidated financial information.

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

1 GENERAL INFORMATION

Lulu Retail Holdings Limited (formerly “Lulu IP SPV Ltd.”) (the “Company”) is registered with Abu Dhabi Global Market (“ADGM”), under the license number 000003044 as a Private Company Limited by Shares. The Company was incorporated on 23 September 2019 and the name of the Company was changed from Lulu IP SPV Ltd. to Lulu Retail Holdings Limited on 24 November 2023. The registered address of the Company is 2405, 24, Al Sila Towers, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, U.A.E.

The Company is 100% owned by Lulu International Holdings Limited (the “Parent Company”, together with its subsidiaries referred to as “Lulu Group”), an entity registered with Abu Dhabi Global Market (“ADGM”), under the license number 000000988, as a Private Company Limited by Shares. The registered address of the Parent Company is PO Box 2454, 24, Al Sila Tower, Abu Dhabi Global Market Square (ADGM), Al Maryah Island, Abu Dhabi, U.A.E. The Company is ultimately controlled by Mr. Yusuffali Musaliyam Veetil Abdul Kader (the “Ultimate Controlling Party”). As per the resolution of the shareholders of the Parent Company dated 17 May 2023, the Parent Company transferred its GCC Retail Business to the Company (the “reorganisation”) in exchange for 4,412,983,345 shares of par value USD 1 each and a payable of USD 757,689,730 of which an amount of USD 751,469,230 was converted to shares of par value USD 1 each. The reorganisation was completed in March 2024.

The Company is a private company limited by shares and acts as a holding company for the entities within the Group. The principal activities of the subsidiaries comprise of retail and wholesale businesses (Hypermarket, Express and Mini market) in the GCC and associated businesses (global sourcing operations which supply to the retail businesses, support services and intellectual property) (herein after referred to as “GCC Retail Business”). Also, refer to Appendix A to these interim condensed consolidated financial statements for the list of subsidiaries and their principal business activities. The Company and its subsidiaries are collectively referred to as the “Group”.

These interim condensed consolidated financial statements of the Group have been prepared for the purposes of updating the Company’s initial public offering application to be filed with the relevant regulatory authorities.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the three-month periods ended 31 March 2024 and 2023 and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last audited consolidated financial statements for the three-month period ended 31 March 2024. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The accompanying interim condensed consolidated financial statements has been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As at 30 June 2024, the Group has a working capital deficit (current liabilities exceed current assets) of USD 394 million (31 December 2023: USD 69 million). The Group has access to available bank facilities at its disposal, in the form working capital facilities availed to enable it to meet its obligations as they fall due. Therefore, these interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

The reorganisation, referred to in note 1 above, is a common control transaction as all of the combining entities, including the Company, are controlled by the Parent Company both before and after the business combination. In absence of guidance in IFRS for business combinations under common control, this reorganisation is considered to be outside the scope of IFRS 3 *Business Combinations*. The Group has thus chosen the pooling of interest method to account for the business combination of entities under common control.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)

Accordingly, the interim condensed consolidated financial statements of the Group are prepared on the basis that the reorganisation is in substance a continuation of the GCC Retail Business combined under the Company. The basic principle of accounting for business combinations under common control using the pooling of interest method is that the structure of ownership is discretionary, and any reorganisation thereof is without economic substance from the perspective of the controlling party. The pooling of interest method is considered to involve the combining parties being presented as if they had always been combined. To this effect, the Company accounted for the reorganisation transaction from the beginning of the period in which the combination occurs and present comparatives to include all combining entities.

Accordingly, the reorganisation is accounted for using the pooling of interest method as follows:

- The assets and liabilities of the subsidiaries or businesses, transferred to the Company, are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the acquisition date that would otherwise be recognised under the acquisition method.
- No goodwill is recognised as a result of the consolidation, except to the extent that existing goodwill was previously recognised in one of the combining entities.
- Any difference between the consideration transferred and the equity of the entity acquired as at the date of the combination is reflected within equity.
- The income statement reflects the results of the consolidated GCC Retail Business.
- The Group adopted an accounting policy to report the comparative information as if the Group always owned the businesses acquired under common control from the date when such businesses were part of the Group;
- These interim condensed consolidated financial statements represent consolidation of all assets, liabilities, revenues and expenses of the subsidiaries at their carrying values by applying the principles underlying the consolidation procedures of IFRS 10 “Consolidated Financial Statements”

These interim condensed consolidated financial statements have been prepared for the the six-month period ended 30 June 2024, as if the Group was always combined including the transfer of the identifiable assets and liabilities of the GCC Retail Business.

For Al Falah Plaza Company LLC (which comprises both retail and properties business), the retail business of this entity has been transferred to the Group pursuant to the reorganisation. Accordingly, these interim condensed consolidated financial statements of the Group include carve-out financial information relating to the retail business of Al Fala Plaza Company LLC for all the reported periods comprising the following:

- a) Separately identifiable assets and liabilities, relating to the retail business.
- b) Directly attributable income and costs relating to the retail business.
- c) Allocation of common costs on a systematic basis representing the usage of services by the retail business and the properties operations.
- d) Net effect of the above was recorded in retained earnings.

The reorganisation was completed in March 2024, whereby the Parent Company transferred its GCC Retail Business to the Company in exchange for 4,412,983,345 shares of par value USD 1 each and a payable of USD 757,689,730 of which an amount of USD 751,469,230 was converted to shares of par value USD 1 each. The Group has decided to maintain the reserves of the combining companies and accordingly, the difference between the value of the shares issued (being the par value of shares issued) and the capital of the entities acquired was recorded as a merger reserve within equity. On 29 March 2024, the Board of Directors of the Company decided to reduce the par value of the Company’s shares from USD 1 to USD 0.028. On 13 June 2024, the Board of Directors of the Company decided on the sub-division of shares and further reduced the nominal value of the shares from USD 0.028 each to USD 0.014 each. Accordingly, an amount of USD 5,019,848 thousand was transferred from share capital to merger reserve. Pursuant to the aforesaid resolution of the Board, the merger reserve has been fully adjusted against the retained earnings.

Note 3.1 provides additional information about the basis of consolidation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at and for the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)

Functional and presentation currency

The functional currency of the Company is United Arab Emirates Dirhams (“AED”). Each of the Company’s subsidiaries determines its own functional currency and items included in the financial statements of the subsidiary are measured using that functional currency. Management uses United States Dollars (“USD”) for controlling and monitoring the performance and financial position of the Group and, accordingly, the interim condensed consolidated financial statements are presented in USD. All amounts are rounded to the nearest thousand except where otherwise indicated.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the three-month period ended 31 March 2024.

3.1 Basis of consolidation

These interim condensed consolidated financial statements incorporate the financial information of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the period is included in the condensed consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amount of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

3 ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.2 Changes in accounting policies and disclosures

Several amendments may apply for the first time in 2024 but do not have any material impact on the Group's interim condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a) New and amended standards that are effective for the current period

In the current period, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (Non-current liability 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 relating to Supplier Finance Arrangements

b) New and revised IFRS Standards in issue but not yet effective

- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IFRS 7 and 9 – Classification and measurement of financial instruments
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- IFRS Accounting Taxonomy 2023 – Update 1 International Tax Reform – Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability
- IFRS Accounting Taxonomy 2023 – Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update
- Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability, the amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

*IFRS S1 and S2 are subject to adoption by the regulator in the United Arab Emirates.

The above stated new standards and amendments are not expected to have any significant impact on the interim condensed consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the interim condensed consolidated financial statements of the Group.

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

3 ACCOUNTING POLICIES (continued)

3.3 Significant accounting judgements, estimates and assumptions

The preparation of these interim condensed consolidated financial statements require management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the three-month period ended 31 March 2024.

4 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Note 1 and Appendix A provide information about the Group's structure including details of the holding company, parent, ultimate parent and subsidiaries. Pricing and terms of these related party transactions are mutually agreed amongst the related parties.

At the reporting dates, balances with the related parties are as follows:

	30 June 2024	31 December 2023
	USD '000	USD '000
	(Unaudited)	(audited)
<i>(i) Due from related parties</i>		
<i><u>Entities under common control of Parent Company:</u></i>		
Line Investments & Property –	-	1,144,546
Sole Proprietorship LLC, Abu Dhabi		
Al Falah Plaza Company –	-	365,148
Sole Proprietorship LLC, Abu Dhabi	-	352,079
Line Investments and Property FZE, Dubai	-	193,964
Khalidiyah Mall – Sole Proprietorship LLC, Abu Dhabi	-	79,329
Lulu Properties SPV Ltd	-	70,617
PT Lulu Group Retail	-	53,211
Lulu Group Retail SDN BHD	-	60,131
Al Lulu Hypermarkets SAE -	-	475
Eyexpress Optical W.L.L	-	2,854
LuLu 1 SPV Ltd	-	274
Lulu 8 SPV Ltd	-	35
Lulu 7 SPV Ltd	-	31,117
Lulu Properties LLC	-	2,454
LuLu Cleaning and Maintenance Company	-	23
LuLu Group Int'l Limited	-	2,356,257
	3,305	59,413
<i><u>Other related parties:</u></i>		
Y&S Properties SPV Ltd	-	56,717
Lulu International Shopping Mall Pvt Ltd	3,022	2,651
Lulu India Shopping Mall Pvt Ltd	101	-
Lulu Convention Center Calicut Private Limited	182	45
	3,305	59,413
Total	3,305	2,415,670

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

At the reporting dates, balances with related parties are as follows: (continued)

	30 June 2024 USD '000 (Unaudited)	31 December 2023 USD '000 (audited)
<i>(ii) Due to related parties</i>		
<u><i>Entities under common control of Parent Company:</i></u>		
Al Khor Mall Trading WLL	-	29,999
Forsan Central Mall - Sole Proprietorship L.L.C.	-	8,998
Emke General Trading LLC	-	3,504
Al Tayeb Cold Stores - Sole Proprietorship LLC	-	312
Al Falah Central Mall Sole Proprietorship LLC	-	82
Al Dhafra Mall Sole Proprietorship LLC	-	82
Al Raha Mall Sole Proprietorship LLC	-	82
Madinat Zayed Shopping Center Sole Proprietorship LLC	-	82
Mafraq Centre Sole Proprietorship LLC	-	82
Hameem Mall Sole Proprietorship LLC	-	82
Mazyad Mall Sole Proprietorship LLC	-	81
Sharjah Central Per Person Co LLC, Sharjah	-	81
Al Falah Properties SP LLC, Abu Dhabi	-	52
Shawamekh Central Mall LLC - O.P.C	-	82
	<hr/>	<hr/>
	-	43,601
	<hr/>	<hr/>
<u><i>Other related parties:</i></u>		
Fair Exports (India) Pvt Ltd	27,874	27,688
Lulu Flight Kitchen Pvt Ltd	91	355
	<hr/>	<hr/>
	27,965	28,043
	<hr/>	<hr/>
<u><i>Parent Company:</i></u>		
Lulu International Holdings Limited	53,483	2,254,305
	<hr/>	<hr/>
Total	81,448	2,325,949
	<hr/> <hr/>	<hr/> <hr/>

During six-month period ended 30 June 2024, an agreement to net settle related party balances with Parent company and related parties under common control of Parent Company amounting to USD 2,486 million was implemented resulting in a net payable to the Parent Company of USD 53.5 million as at 30 June 2024.

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with the related parties during the three-month and six-month period ended 30 June as follows:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<u>Entities under common control</u>				
<u>of Parent Company:</u>				
Rent paid	45,410	25,798	90,180	51,072
Interest received (note (a))	4,373	28,507	4,749	56,015
Sale/ (transfer) of assets	4,804	4	81,012	7
Other transactions, net	(7,134)	876	(8,459)	(1,877)
<u>Other related parties:</u>				
Purchase of goods	63,143	54,844	129,473	109,731
Interest paid (note (a))	-	8,891	-	22,067
Rent paid	274	163	2,395	8,673
Other transactions, net	13,948	3,875	6,854	774
<u>Parent Company:</u>				
Bank borrowings novated to the Parent Company	-	-	(533,696)	-
Payable on account of reorganisation	-	-	(757,689)	-
Issue of share capital	-	-	751,469	-
Other adjustments, net	(6,284)	4	225	(95)

Note (a):

The Group has historically entered into funding transactions with related parties on mutually agreed terms and are generally interest-free, except where agreed otherwise. During the three-month period ended 30 June 2024, the Group received net funding (including payments made by related parties on behalf of the Group) amounting to USD 277 million (30 June 2023: transferred net funds amounting to USD 170 million) and during the six-month period ended 30 June 2024, the Group received net funding (including payments made by related parties on behalf of the Group) amounting to USD 826 million (30 June 2023: transferred net funds amounting USD 41 million).

Terms and conditions:

Outstanding balances at the period/ year end are unsecured and settlement generally occurs in cash, except as noted above. These balances are interest-free, except for certain related parties to whom the Group has charged/ paid interest based on a mutually agreed rate.

The management of the Group estimate the allowance on amounts due from related parties at the end of the reporting period at an amount equal to lifetime ECL. None of the receivable balances from related parties at the end of the reporting period are past due, and taking into account the historical default experience, the future prospects of the industries in which the related parties operate and the personal guarantee of the Shareholder, management of the Group consider that no related party balances are impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balances due from related parties.

The related party balances are receivable/repayable on demand, therefore these balances are classified as current assets and current liabilities.

Guarantees:

As at 30 June 2024, certain related parties have provided corporate guarantees towards the Group's banking facilities amounting to USD 1,336 million (31 December 2023: USD 1,673 million).

As at 30 June 2024, the Group has provided corporate guarantees toward banking facilities obtained by related parties amounting to USD 3,339 million (31 December 2023: USD 803 million). On 10 July 2024, such corporate guarantees amounting to USD 487 million has been released by the bank.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

As at 30 June 2024, the Group has provided corporate guarantees towards banking facilities obtained together with related parties amounting to USD 265 million (31 December 2023: USD 3,029 million).

Compensation of key management personnel of the Group:

The remuneration of directors and other key members of management recognised as an expense during the three-month period and the six-month period ended 30 June are as follows:

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Short-term employee benefits	1,159	930	2,319	1,860
End of service benefits	21	23	171	144
Total compensation to key management personnel	1,180	953	2,490	2,004

5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 17 May 2023 the Parent Company approved the reorganisation, whereby certain non-retail businesses and assets contained within the entities transferred to the Group, are disposed to related parties at an agreed consideration.

The details of the non-retail businesses and assets disposed are as follows:

- 1) The mall business of Lulu Hypermarket LLC on 20 December 2023 and 31 December 2023.
- 2) The mall business of Lulu Saudi Hypermarkets LLC and the property business of Al Shroq Al Tayeb Trading Company on 31 December 2023.
- 3) The mall business of Lulu Bahrain Hypermarket WLL on 7 March 2024.
- 4) The mall business and certain land parcels of Lulu Muscat Hypermarket LLC on 6 March 2024.

The associated assets and liabilities of the mall business of Lulu Bahrain Hypermarket WLL and the mall business and certain land parcels of Lulu Muscat Hypermarket LLC were consequently presented as held for sale as at 31 December 2023. The disposed non-retail businesses are reported as discontinued operations for all periods presented up to the respective dates of disposal.

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

The results of the discontinued operations up to the respective dates of disposal are as follows:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	-	9,705	7,275	18,790
Other operating income	-	5,622	34,080	6,828
Operating expense	-	(10,152)	(6,380)	(21,312)
Interest expense, net	-	(6,310)	(1,999)	(12,231)
Profit/(loss) before tax	-	(1,135)	32,976	(7,925)
Income tax expense	-	(658)	(60)	106
Profit / (loss) relating to discontinued operations	-	(1,793)	32,916	(7,819)
Total comprehensive (loss)/ income relating to discontinued operations	-	(1,793)	32,916	(7,819)

Cash flows relating to discontinued operations:

	30 June	30 June
	2024	2023
	USD '000	USD '000
	(unaudited)	(unaudited)
Net cash from operating activities	11,306	3,595
Net cash outflow from investing activities	(78)	(4,989)
Net cash outflow from financing activities	(12,394)	(374)
Earnings per share for discontinued operations:		
Basic and diluted (USD cents per share)	0.32	(0.08)

During the year ended 31 December 2023, a loss of USD 5.46 million arose on the disposal of Lulu Properties LLC and Lulu Maintenance and Cleaning Company LLC, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets. There was no gain/loss on disposal of the businesses during the six-month period ended June 2024.

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 December 2023 USD '000 (audited)
Property and equipment	43,642
Rights-of-use assets	168,105
Investment properties	21,852
Deferred tax asset	2,668
Trade and other receivables	9,185
Cash and cash equivalents	1,176
Total assets held for sale	246,628
Deferred tax liabilities	509
Lease liabilities – non-current portion	176,935
Lease liabilities – current portion	5,777
Employees' defined benefit obligation	231
Trade and other payables	18,624
Total liabilities directly associated with assets held for sale	202,076
Net assets of disposal group	44,552

Net assets amounting to USD 3.9 million relating to the businesses disposed in March 2024 were retained by the Group and adjusted against the consideration received.

6 SEGMENT INFORMATION

The Group's operating segments are determined based on its internal reporting to the Chief Operating Decision Maker (the "CODM"). The CODM has been determined to be the Chief Executive Officer (CEO), as all final decisions are made by the CEO in consultation with the executive committee and the function is primarily responsible for the allocation of resources to segments and assessment of performance of segments.

The Group is organized into operating segments based on geographical location. The results are reported to the board of directors of the Company. In addition, the revenue and profits are reported on a geographic basis and measured in accordance with the same accounting basis used for the preparation of the Group's consolidated financial statements for the three-month period ended 31 March 2024. The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Segment Adjusted EBITDA, see below) to assess performance of the operating segments and excludes discontinued operations, gain or loss on lease modification and termination, inter-segment management fee income/ charge and corporate head office expenses. There are 5 major reportable segments: United Arab Emirates (UAE), State of Qatar (Qatar), Kingdom of Saudi Arabia (KSA), Sultanate of Oman (Oman) and State of Kuwait (Kuwait). All other operating segments that are not reportable segments are combined under "Other operating segments" (other countries). This presentation reflects how the Group's operating performance is reviewed internally by management.

The segments are concentrated in the retail sector which includes the supply of foodstuff, meats, groceries, fruits, electrical appliances, readymade garments, perfumes & stationery and the distribution of meat and other grocery/frozen items. The associated businesses (wholesale, sourcing operations and support services) primarily support the retail operations and are reported within the respective geographical operating segment.

The reporting segments do not include the results of the discontinued operations and the assets and directly associated liabilities held for sale.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)**6.1 The following is an analysis of the Group's revenue and results by reportable segment:****For three-month period ended 30 June 2024 (unaudited):**

	<i>Reportable segments*</i>					<i>Total reportable segments</i>	<i>Other operating segments</i>	<i>Total</i>
	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
External revenues (Note 17)	696,312	277,023	367,622	297,336	172,690	1,810,983	117,136	1,928,119
Inter-segment revenues	11,803	-	-	-	-	11,803	123,421	135,224
Segment revenue	708,115	277,023	367,622	297,336	172,690	1,822,786	240,557	2,063,343
Segment adjusted EBITDA	72,256	34,902	22,250	31,905	28,026	189,339	19,261	208,600
Interest income	-	-	-	-	-	-	45	45
Interest expense	11,373	4,146	2,032	5,202	5,470	28,223	2,956	31,179
Net interest expense	11,373	4,146	2,032	5,202	5,470	28,223	2,911	31,134
Depreciation and amortisation	34,503	14,220	10,483	15,387	12,648	87,241	6,696	93,937
Tax expense	2,419	1,068	60	1,292	-	4,839	1,914	6,753
Gain/(loss) on lease modification	5	-	-	-	-	5	(13)	(8)

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)

6.1 The following is an analysis of the Group's revenue and results by reportable segment (continued):

For three-month period ended 30 June 2023 (unaudited):

	<i>Reportable segments*</i>					<i>Total reportable segments USD '000</i>	<i>Other operating segments USD '000</i>	<i>Total USD '000</i>
	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>			
External revenues (Note 17)	671,708	289,607	349,952	280,109	161,652	1,753,028	108,394	1,861,422
Inter-segment revenues	14,048	-	-	-	-	14,048	88,939	102,987
Segment revenue	685,756	289,607	349,952	280,109	161,652	1,767,076	197,333	1,964,409
Segment adjusted EBITDA	80,430	37,851	31,551	7,267	22,380	179,479	13,931	193,410
Interest income	15,140	-	-	-	-	15,140	33	15,173
Interest expense	34,440	10,642	5,811	(6,602)	4,954	49,245	2,943	52,188
Net interest expense	19,300	10,642	5,811	(6,602)	4,954	34,105	2,910	37,015
Depreciation and amortisation	35,646	17,584	17,269	15,444	9,968	95,911	6,514	102,425
Tax expense/(income)	1,160	58	6,435	(974)	-	6,679	1,583	8,262
Gain/(loss) on lease modification	-	562	16	-	-	578	(30)	548

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)**6.1 The following is an analysis of the Group's revenue and results by reportable segment (continued):****For six-month period ended 30 June 2024 (unaudited):**

	<i>Reportable segments*</i>					<i>Total reportable segments USD '000</i>	<i>Other operating segments USD '000</i>	<i>Total USD '000</i>
	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>			
External revenues (Note 17)	1,401,204	562,140	739,270	596,112	335,841	3,634,567	233,155	3,867,722
Inter-segment revenues	31,125	-	-	-	-	31,125	238,322	269,447
Segment revenue	1,432,329	562,140	739,270	596,112	335,841	3,665,692	471,477	4,137,169
Segment adjusted EBITDA	165,246	65,028	46,540	62,104	48,387	387,305	38,284	425,589
Interest income	-	13	-	-	-	13	80	93
Interest expense	29,453	8,644	4,508	10,434	11,137	64,176	5,972	70,148
Net interest expense	29,453	8,631	4,508	10,434	11,137	64,163	5,892	70,055
Depreciation and amortisation	68,614	28,265	20,603	30,798	25,206	173,486	13,405	186,891
Tax expense/(income)	5,502	1,996	(5,031)	5,175	-	7,642	3,466	11,108
(Loss)/gain on lease modification	(403)	70	-	(1)	-	(334)	(12)	(346)

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)

6.1 The following is an analysis of the Group's revenue and results by reportable segment (continued):

For six-month period ended 30 June 2023 (unaudited):

	<i>Reportable segments*</i>					<i>Total reportable segments USD '000</i>	<i>Other operating segments USD '000</i>	<i>Total USD '000</i>
	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>			
External revenues (Note 17)	1,315,049	559,631	689,170	566,341	318,447	3,448,638	215,536	3,664,174
Inter-segment revenues	28,365	-	-	-	-	28,365	177,619	205,984
Segment revenue	1,343,414	559,631	689,170	566,341	318,447	3,477,003	393,155	3,870,158
Segment adjusted EBITDA	155,982	75,326	63,388	34,297	42,524	371,517	29,775	401,292
Interest income	41,814	-	39	-	-	41,853	51	41,904
Interest expense	68,876	23,356	14,573	8	9,631	116,444	6,254	122,698
Net interest expense	27,062	23,356	14,534	8	9,631	74,591	6,203	80,794
Depreciation and amortisation	70,639	35,878	34,248	30,928	19,802	191,495	13,051	204,546
Tax expense	1,286	110	7,565	268	-	9,229	2,570	11,799
Gain/(loss) on lease modification	116	562	16	-	-	694	(28)	666

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)**6.2 The following is an analysis of the Group's assets and liabilities by reportable segment:**

Segment assets and liabilities are measured on the same basis as in the Group's consolidated financial statements for the three-month period ended 31 March 2024. Segment assets are allocated based on operations of the segment and the physical location of the asset. Segment liabilities are allocated based on the operations of the segment.

As at 30 June 2024 (unaudited):

	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>	<i>Total reportable segments USD '000</i>	<i>Other operating segments USD '000</i>	<i>Total USD '000</i>
Segment Assets	7,198,200	686,549	860,342	907,118	650,684	10,302,893	536,670	10,839,563
Segment Liabilities	3,893,527	595,084	730,482	758,990	558,917	6,537,000	392,942	6,929,942

As at 31 December 2023 (audited):

	<i>UAE USD '000</i>	<i>Qatar USD '000</i>	<i>KSA USD '000</i>	<i>Oman USD '000</i>	<i>Kuwait USD '000</i>	<i>Total reportable segments USD '000</i>	<i>Other operating segments USD '000</i>	<i>Total USD '000</i>
Segment Assets	6,245,771	698,620	834,303	861,166	649,415	9,289,275	513,678	9,802,953
Segment Liabilities	5,871,445	626,115	717,655	773,866	564,306	8,553,387	403,958	8,957,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)

6.3 Reconciliations of information on reportable segments to the amounts reported in the interim condensed consolidated financial statements:

Reconciliation of revenues:

Particulars	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue for reportable segments	1,822,786	1,767,076	3,665,692	3,477,003
Revenue for other operating segments	240,557	197,333	471,477	393,155
Elimination of inter-segment revenue	(135,224)	(102,987)	(269,447)	(205,984)
Consolidated revenue	1,928,119	1,861,422	3,867,722	3,664,174

Reconciliation of adjusted EBITDA:

Particulars	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total adjusted EBITDA	208,600	193,410	425,589	401,292
Depreciation and amortisation*	(94,356)	(103,030)	(187,816)	(205,763)
Net finance cost	(33,951)	(39,736)	(75,989)	(86,621)
(Loss)/gain on lease modification	(8)	548	(346)	666
HO Expenses**	(19,003)	(14,360)	(34,732)	(26,233)
Others	1,703	429	819	379
Profit before tax and discontinued operations	62,985	37,261	127,525	83,720

*Depreciation and amortisation include unallocated depreciation of USD 925 thousand during the six-month period ended 30 June 2024 (30 June 2023: USD 1,217 thousand) and USD 419 thousand during three-month period ended 30 June 2024 (30 June 2023: USD 605 thousand).

** The head office expenses include other unallocated operating expenses.

Reconciliation of assets

Particulars	<u>30 June</u>	
	<u>2024</u>	
	USD '000	
	(unaudited)	(audited)
Total assets for reportable segments	10,302,893	9,289,275
Assets for other operating segments	536,670	513,678
Asset held for sale	-	246,628
Corporate head office assets	5,644	5,184
Inter-segment eliminations	(5,550,354)	(2,050,614)
Consolidated total assets	5,294,853	8,004,151

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)**6.3 Reconciliations of information on reportable segments to the amounts reported in the interim condensed consolidated financial statements (continued):****Reconciliation of liabilities**

Particulars	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Total liabilities for reportable segments	6,537,000	8,553,387
Liabilities for other operating segments	392,942	403,958
Liabilities associated to assets held for sale	-	202,076
Inter-segment eliminations	(2,539,108)	(1,922,177)
Consolidated total liabilities	4,390,834	7,237,244

The Group's revenue from external customers and information about its non-current assets (non-current assets for this purpose include property, plant and equipment, right-of-use assets, investment properties and intangible assets.) by geographical location are detailed below.

6.4 Geography wise revenue

Particulars	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
UAE	696,312	671,708	1,401,204	1,315,049
Oman	297,336	280,109	596,112	566,341
KSA	367,622	349,952	739,270	689,170
Qatar	277,023	289,607	562,140	559,631
Kuwait	172,690	161,652	335,841	318,447
Bahrain	108,671	101,319	217,400	203,430
Egypt	5,279	4,075	8,697	8,109
Other countries	3,186	3,000	7,058	3,997
Total	1,928,119	1,861,422	3,867,722	3,664,174

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

6 SEGMENT INFORMATION (continued)

6.5 Geography wise non-current assets

Non-current assets*	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
UAE	1,019,634	1,171,432
Oman	583,613	606,529
KSA	406,708	394,095
Qatar	497,089	516,122
Kuwait	399,869	411,152
Bahrain	204,195	214,639
Egypt	53	75
Other countries	29,670	25,608
Total	3,140,831	3,339,652

*Non-current assets for this purpose included property and equipment, right-of-use assets, and investment properties, but excluded head office assets related to the aforementioned assets categories.

7 PROPERTY AND EQUIPMENT

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cost		
Balance at the beginning of the period/year	3,471,947	3,752,382
Additions during the period/year	63,941	165,113
Transfers to investment properties (Note 9)	-	(605)
Transfers to related parties	(56)	(368,048)
Write offs	(3,563)	(17,849)
Disposals	(1,728)	(5,611)
Reclassified as assets held for sale (Note 5)	-	(56,242)
Translation adjustment	(190)	2,807
Balance at the end of the period/year	3,530,351	3,471,947
Accumulated Depreciation		
At the beginning of the period/year	2,010,517	1,871,177
Charge for the period/year	79,649	157,010
Transfers to related parties	-	(2,221)
Eliminated on disposal	(995)	(4,031)
Relating to asset held for sale (Note 5)	-	(12,600)
Translation adjustments	(85)	1,182
Balance at the end of the period/year	2,089,086	2,010,517
Net carrying amount at the end of the period/year	1,441,265	1,461,430

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

7 PROPERTY AND EQUIPMENT (continued)

The details of the depreciation expense on property and equipment are as follows:

	Six-month period ended 30 June 2024 USD '000 (unaudited)	Six-month period ended 30 June 2023 USD '000 (unaudited)
<i>Depreciation expense on property and equipment</i>		
- Operating expenses	79,649	76,091
- Related to discontinued operations	303	1,085
	<u>79,952</u>	<u>77,176</u>

8 RIGHT-OF-USE ASSETS

The Group as lessee

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cost		
Balance at the beginning of the period/year	2,916,130	3,970,144
Additions during the period/year	71,423	269,219
Termination during the period/ year	(9,412)	(945,814)
Modifications	(146,166)	(116,837)
Relating to assets held for sale (Note 5)	-	(261,839)
Translation adjustment	604	1,257
Balance at the end of the period/year	<u>2,832,579</u>	<u>2,916,130</u>
Accumulated depreciation		
Balance at the beginning of the period/year	1,047,735	1,062,747
Depreciation charge for the period/year	107,398	281,335
Depreciation capitalised	1,419	5,341
Termination during the period/ year	(2,703)	(193,920)
Modifications	(12,396)	(13,716)
Relating to asset held for sale (Note 5)	-	(93,734)
Translation adjustment	157	(318)
Balance at the end of the period/year	<u>1,141,610</u>	<u>1,047,735</u>
Net carrying amount at the end of the period/year	<u>1,690,969</u>	<u>1,868,395</u>

The Group leases land and buildings. The average lease term is 15 – 40 years.

Lulu Retail Holdings Limited

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As at and for the six-month period ended 30 June 2024

8 RIGHT-OF-USE ASSETS (continued)

The following are the amounts recognised in the interim condensed consolidated statement of profit or loss (including discontinued operations):

	Six-month period ended 30 June 2024 USD '000 (unaudited)	Six-month period ended 30 June 2023 USD '000 (unaudited)
Depreciation expense on right-of-use assets (a)	111,763	145,075
Expense relating to short-term leases	73,170	36,989
Gain on termination of leases	33,279	666

(a) The details of the depreciation expense on right-of-use assets are as follows:

	Six-month period ended 30 June 2024 USD '000 (unaudited)	Six-month period ended 30 June 2023 USD '000 (unaudited)
- Operating expenses	107,398	128,905
- Related to discontinued operations	4,365	16,170
	<u>111,763</u>	<u>145,075</u>

The property leases in which the Group is the lessee do not contain any variable lease payment terms that are linked to sales generated from the leased stores.

9 INVESTMENT PROPERTIES

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cost		
Balance at the beginning of the period/year	40,836	112,147
Additions during the period/year	19	1,136
Transfers to related parties (Note 4)	(20)	(19,377)
Transfers from properties and equipment (Note 7)	-	605
Reclassified as asset held for sale (Note 5)	-	(53,669)
Translation adjustments	-	(6)
Balance at the end of the period/year	<u>40,835</u>	<u>40,836</u>
Accumulated depreciation		
At the beginning of the period/year	25,826	64,809
Charge for the period/year	769	5,385
Transfers to related parties (Note 4)	(1)	(12,547)
Reclassified as asset held for sale (Note 5)	-	(31,817)
Translation adjustments	-	(4)
Balance at the end of the period/year	<u>26,594</u>	<u>25,826</u>
Net carrying amount at end of the period/year	<u>14,241</u>	<u>15,010</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

9 INVESTMENT PROPERTIES (continued)

The details of the depreciation expense on investment properties are as follows:

	Six-month period ended 30 June 2024 USD '000 (unaudited)	Six-month period ended 30 June 2023 USD '000 (unaudited)
<i>Depreciation expense on investment properties</i>		
- Operating expenses	769	767
- Related to discontinued operations	540	1,928
	1,309	2,695

10 INVENTORIES

The cost of inventories recognised as an expense includes USD 41.50 million during the six-month period ended 30 June 2024 (30 June 2023: USD 37.86 million) and USD 22.32 million during three-month period ended 30 June 2024 (30 June 2023: USD 20.69 million) in respect of write-downs of inventory to net realisable value.

11 TRADE AND OTHER RECEIVABLES

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Trade receivables	201,292	198,967
Less: loss allowance	(2,337)	(2,337)
	198,955	196,630
Deposits	27,361	25,695
Prepayments	60,605	50,283
Advances to suppliers	27,688	26,886
Tenants' receivable	12,856	10,454
Advances to employees	5,376	5,111
Other receivables	25,127	16,448
	357,968	331,507

12 CASH AND CASH EQUIVALENTS

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cash on hand	36,404	41,470
Bank balances	267,040	229,480
Short term deposits	5,560	6,744
	309,004	277,694

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

12 CASH AND CASH EQUIVALENTS (continued)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cash on hand	36,404	41,470
Bank balances	267,040	229,480
Short term deposits	5,560	6,744
Cash at banks attributable to discontinued operations	-	1,176
	309,004	278,870

13 BANK BORROWINGS

Bank borrowings comprise of:

	30 June 2024 USD '000 (Unaudited)	31 December 2023 USD '000 (audited)
Long term loans (a)	5,835	539,142
Short term loans (b)	235,696	271,041
Bank trust receipts (c)	538,687	299,529
Bank overdrafts (d)	72,132	18,205
Vehicle loans	694	1,086
	853,044	1,129,003
Less: current portion		
- Long term loans	(678)	(26,208)
- Short term loans	(235,696)	(271,041)
- Trust receipts	(538,687)	(299,529)
- Bank overdrafts	(72,132)	(18,205)
- Vehicle loans	(458)	(642)
	(847,651)	(615,625)
Non- current portion	5,393	513,378

a) The long-term loans mainly comprised of the following:

Long-term loans were obtained from commercial banks in the jurisdictions from where the Group operates and are denominated in the local currency of the jurisdiction in which it is obtained. These loans carry interest of EIBOR or relevant rates in respective jurisdictions plus a margin. of 2% to 2.5% for the six-month period ended 30 June 2024 (For the year ended 31 December 2023: a margin between 1.5% to 3.5%). These loans are repayable in various monthly / quarterly instalments.

As at 31 December 2023, one of the Company's subsidiary, along with the Parent Company, were parties to a syndicated loan facility of AED 10 billion ("Syndicated Facility") with a group of commercial banks (Syndicate Banks) in the UAE whereby the Parent Company is the borrower for an amount not exceeding AED 8 billion and the Company's subsidiary is the borrower for an amount not exceeding AED 2 billion. The transaction costs amounting to USD 32 million was fully borne by the Parent Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the six-month period ended 30 June 2024

13 BANK BORROWINGS (continued)

The Group has drawn an amount of AED 2 billion during the year ended 31 December 2023, which was used to repay a portion of its long term loans outstanding as at 31 December 2022. The Group has an outstanding balance of USD 539 million as at 31 December 2023 towards the Syndicated Facility.

As at 30 June 2024, the Company's subsidiary is no more a party to the Syndicated Facility in accordance with the facility amendment agreement effective 31 March 2024. As a result of this amendment, the rights and obligations of the Company's subsidiary were novated to the Parent Company. Accordingly, the Group's outstanding balance towards the Syndicated Facility amounting to USD 534 million was novated to the Parent Company during six-month period ended 30 June 2024.

- b) Short term loans include (Sharia'h Compliant) Islamic bank facilities such as traditional Islamic "Istisna'a", "Mudarba", "Murabaha" and "Wakala" financing arrangements. The management believes that these facilities, in substance, provide the Group with funding on terms comparable to the commercial bank loans and therefore have been recognised as part of "bank borrowings" in these consolidated financial statements. As at 30 June 2024, the total short term loan facilities granted amounted to USD 644 million (31 December 2023: USD 693 million) and the total facilities utilised amounted to USD 234 million (31 December 2023: USD 271 million). These loans carry profit rate of EIBOR or relevant rates in respective jurisdictions plus a margin ranging between 1% to 2.5% for the six-month period ended 30 June 2024 (For the year ended 31 December 2023: 1% to 2.75%)
- c) Bank trust receipts are obtained from local banks and carries interest at EIBOR or relevant rates in respective jurisdictions plus a margin between 1% to 2.5% for the six-month period ended 30 June 2024 (For the year ended 31 December 2023: 1% to 2.75%). The outstanding balance as at 30 June 2024 amounted to USD 539 million (31 December 2023: USD 300 million) and is due for repayment within twelve months.
- d) Bank overdrafts carry interest at EIBOR or relevant rates in respective jurisdictions plus a margin between 1% to 2.5% for the six-month period ended 30 June 2024 (For the year ended 31 December 2023: 1% to 2.75%).
- e) As at 30 June 2024 and 31 December 2023, bank borrowings of the Group obtained under various facilities were secured by the following:

Lulu Group - UAE Operations

- Assignment of card receivables, assignment of insurance policy over inventories and property and equipment of certain Group entities and certain entities under common control of the Parent Company (hereinafter referred to as "Lulu Group entities" in this note) in favor of the banks.
- Personal guarantees of the Ultimate Controlling Party.
- Mortgage and hypothecation of movable property and equipment of certain Group entities and Lulu Group entities and inventories of the Group.
- Mortgage over various plot of land, held by Lulu Group entities in the UAE.*
- Assignment of leasehold rights (including rental income) of certain Group entities and Lulu Group entities.*

As at 30 June 2024 and 31 December 2023, bank borrowings of the Group obtained under various facilities were secured by the following (continued):

Lulu Group - UAE Operations (continued)

- First charge/pledge over the collection/amanat account opened with the banks.*
- Joint and several corporate guarantees from certain Group entities and Lulu Group entities.
- Documentary promissory note with different limits for each type of loan.
- Assignment of fire and burglary policies of certain Group entities and Lulu Group entities.
- Negative pledge over the property and equipment of certain Group entities and Lulu Group entities.

13 BANK BORROWINGS (continued)

Lulu Group - Kuwait Operations (Combined)

- Joint corporate guarantees of certain Group entities and Lulu Group entities and personal guarantee of the Ultimate Controlling Party.

Lulu Muscat Hypermarket LLC, Oman

- Commercial mortgage on movable assets of this entity.*
- Personal guarantee of the Ultimate Controlling Party.
- Corporate guarantees from certain Group entities and Lulu Group entities.
- Routing business income of the outlets which availed this facility.*
- Legal mortgage over the usufruct rights of the property at Al Khuwair.*
- Mortgage over the land and building of this entity.*
- Assignment of insurance policies of this entity.

Lulu Hypermarket Trading Company WLL, Qatar

- The bank borrowings are secured by joint and several personal guarantees of the Ultimate Controlling Party and corporate guarantees of certain Group entities and Lulu Group entities covering the entire facilities.

Lulu Saudi Hypermarkets Company and its Subsidiaries

- Personal guarantee of the Ultimate Controlling Party.
- Corporate guarantee of certain Group entities and Lulu Group entities .

Lulu Bahrain Hypermarket WLL

- Personal guarantee of the Ultimate Controlling Party.
- Corporate guarantee of certain Group entities and Lulu Group entities .

Y International (UK) Limited

- The bank borrowings are secured by joint and several personal guarantee of the Ultimate Controlling Party, each covering the entire facilities and corporate guarantees of certain Group entities and Lulu Group entities covering the entire facilities.
- First legal charge over freehold land & buildings at Advanced Manufacturing Facility, Priory Road Birmingham.*
- A Debenture over the assets of Y International (UK) Ltd and subordination agreement.*

Syndicated Facility**

- Registered mortgage or assignment of leasehold rights of specified assets of certain Group entities and Lulu Group entities.
- Assignment of identified revenue of the Group and Lulu Group entities including cash, POS receivables & 3rd party lease rental mainly from the Lulu Group entities.
- Assignment of insurance over inventory and mortgaged properties of the Group and Lulu Group entities.
- Security over collection accounts of the Group and Lulu Group entities and facility service reserve account.
- General pledge over inventory and non-material fixed assets of the Group and Lulu Group entities.
- Corporate guarantee from material subsidiaries of the Company and the Parent Company and personal guarantee from Ultimate Controlling Party.

*This security is not applicable for the Group's bank borrowings outstanding as at 30 June 2024 and 31 December 2023.

**These securities are applicable only to the Group's long-term loans outstanding as at 31 December 2023. Subsequent to the amendment of the Syndicated Facility during six-month period ended 30 June 2024, the securities provided by the Group towards the Syndicated Facility represent the securities, including corporate guarantees by material subsidiaries of the Company, towards the bank borrowings of the Parent Company (See Note 4).

- f) For bank borrowings there are no financial covenants which are required to be met at the Group level. Certain of the Group's subsidiaries are subject to financial covenants under their respective lending arrangements and are in compliance as per the relevant agreements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

14 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

In accordance with the provisions of IAS 19, the Company has carried out an exercise to assess the present value of its defined benefit obligation at 30 June 2024 and 31 December 2023 in respect of retirement benefit obligations under relevant local regulations and contractual arrangements.

The end of service benefits for employees follows relevant local regulations, which are mainly based on periods of cumulative service and levels of employees' final basic salary. The liability recognised in the interim condensed consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period.

The amounts recognised in the interim condensed consolidated statement of financial position and the movements in the employees' defined benefit obligation are as follows:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance as at the beginning of the period/ year	176,785	169,105
Current service cost	8,825	27,176
Interest cost	4,586	710
	<hr/>	<hr/>
Total amount recognised in profit or loss	13,411	27,886
	<hr/>	<hr/>
Re-measurement loss recognised in other comprehensive income	2,767	91
Benefits paid	(8,554)	(19,553)
Employees' receivable adjusted, net	(1)	88
Transferred from related parties	(174)	(634)
Translation adjustment	(840)	33
Transfer to liabilities classified as held for sale	-	(231)
	<hr/>	<hr/>
Balance as at the end of the period/ year	183,394	176,785
	<hr/>	<hr/>

- a) In presenting the above, the present value of employees' defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employees' defined benefit obligations recognised in the Group's consolidated financial statements for the three-month period ended 31 March 2024.
- b) The average duration of benefit obligations as at 30 June 2024 is 5 years (31 December 2023: 5 years).
- c) The closing number of employees as at 30 June 2024 is 55,367 (31 December 2023: 52,681).

The principal assumptions used for the purpose of actuarial valuations are as follows:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Discount rate	3.53-29.52%	4-7%
Salary increases rate	3-25%	3-4%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Rate of employee turnover	1-15%	1-15%

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the six-month period ended 30 June 2024

15 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance as at the beginning of the period/ year	2,001,102	3,099,137
Additions during the period/ year	71,071	268,156
Terminations during the period/ year	(10,339)	(870,964)
Accretion of interest	44,497	134,923
Interest capitalized	1,322	4,672
Payments	(132,240)	(336,612)
Translation adjustment	473	1,663
Modifications	(133,366)	(117,161)
Reclassified as asset held for sale	-	(182,712)
Balance as at the end of the period/ year	1,842,520	2,001,102
Of which are:		
Current	166,580	173,428
Non-current	1,675,940	1,827,674
	1,842,520	2,001,102

The maturity analysis of discounted lease liabilities is as follows:

	30 June 2024 USD'000 (unaudited)	31 December 2023 USD'000 (audited)
Maturity analysis		
Not later than 1 year	166,580	173,428
Later than 1 year and not later than 5 years	573,982	624,994
Later than 5 years	1,101,958	1,202,680
	1,842,520	2,001,102

The Group does not face a significant liquidity risk with regard to its lease liabilities.

16 TRADE AND OTHER PAYABLES

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Trade payables	1,196,026	1,212,732
Accrued expenses	57,827	51,801
Advances from customers and tenants	26,229	18,855
Retention payable	743	914
Refundable deposits from tenants	8,756	4,298
Other payables	114,651	91,424
	1,404,232	1,380,024

Lulu Retail Holdings Limited

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17 REVENUE

	<u>Three-month period ended</u> <u>30 June</u>		<u>Six-month period ended</u> <u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of goods	1,928,119	1,861,422	3,867,722	3,664,174

Revenue by timing:

	<u>Three-month period ended</u> <u>30 June</u>		<u>Six-month period ended</u> <u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Goods transferred at a point in time	1,928,119	1,861,422	3,867,722	3,664,174

Revenue by region

For the region wise bifurcation of revenue, refer Note 6.

18 COST OF REVENUE

	<u>Three-month period ended</u> <u>30 June</u>		<u>Six-month period ended</u> <u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Cost of revenue relating to sale of goods</i>				
Inventories, at the beginning of the period	1,488,103	1,462,416	1,374,607	1,395,175
Add: Purchases (including direct expenses)	1,459,705	1,378,532	3,066,176	2,830,545
	2,947,808	2,840,948	4,440,783	4,225,720
Less: Inventories, at the end of the period	(1,459,648)	(1,383,577)	(1,459,648)	(1,383,577)
Cost of revenue	1,488,160	1,457,371	2,981,135	2,842,143
Others	-	(1,865)	-	-
	1,488,160	1,455,506	2,981,135	2,842,143

Lulu Retail Holdings Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19 OPERATING EXPENSES

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Employees' salaries and benefits	188,215	172,033	362,659	338,808
Depreciation expense	94,356	103,030	187,816	205,763
Utilities	43,547	41,648	80,854	77,022
Advertising and sales promotion	8,620	10,998	19,728	19,976
Repairs and maintenance	11,392	7,891	20,251	16,056
Rent expenses	36,315	22,700	74,339	41,829
Credit card commission	9,280	8,960	19,559	17,710
Office expenses	5,150	5,231	10,516	10,358
Professional and legal fees	5,648	4,154	10,813	8,938
Travelling expenses	5,886	4,527	10,993	8,523
Vehicle expenses	4,689	5,855	9,754	11,698
Insurance charges	1,658	1,982	3,503	3,705
Sponsorship fees	1,876	1,852	3,790	3,760
Gifts and donations	1,258	202	1,703	1,301
Others	7,001	5,808	15,583	12,414
	<u>424,891</u>	<u>396,871</u>	<u>831,861</u>	<u>777,861</u>

20 INCOME TAX EXPENSE

The breakdown of tax expense is as follows:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	USD'000	USD'000	USD'000	USD'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	9,204	3,090	18,564	7,194
Deferred tax	(2,468)	4,669	(7,456)	4,605
	<u>6,736</u>	<u>7,759</u>	<u>11,108</u>	<u>11,799</u>

The corporate tax rate on taxable profits attributable for the group entities located are as follows:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
UAE	9%	-	9%	-
Kingdom of Saudi Arabia	20%	20%	20%	20%
Qatar	10%	10%	10%	10%
Oman	15%	15%	15%	15%

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20 INCOME TAX EXPENSE (continued)

UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses:

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

Cabinet Decision No. 116 of 2022 specifies that taxable income not exceeding AED 375,000 is subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 is subject to the 9% UAE CT rate.

For the UAE operations, current taxes is accounted for as appropriate in the financial statements for the period beginning 1 January 2024.

21 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 June 2024 and 31 December 2023, respectively, there were no shares which were dilutive in nature.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity holders of the Parent Company:				
Continuing operations (USD '000)	56,249	27,709	116,417	71,921
Discontinuing operations (USD '000)	-	(1,793)	32,916	(7,819)
Profit attributable to ordinary equity holders of the Parent Company	56,249	25,916	149,333	64,102
Weighted average number of ordinary shares* - basic and diluted ('000)	10,328,905	10,328,905	10,328,905	10,328,905
Basic and diluted EPS (in USD cents per share)	0.54	0.25	1.45	0.62

*The weighted average number of ordinary shares for all periods presented have been adjusted for the effects of capitalisation arising from the reorganisation which resulted in the issuance of 5,164,452,575 ordinary shares in March 2024. Further the earnings per share calculations for the current and prior periods have been adjusted for the share split on 13 June 2024 where the number of ordinary shares of 5,164,452,675 with a par value of USD 0.028 each was split to 10,328,905,350 ordinary shares with a par value of USD 0.014 each.

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22 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
<i>Capital commitments</i>		
Commitments for the purchase of property and equipment	13,721	17,521
<i>Contingent liabilities</i>		
Letters of guarantees and performance bonds (a)	108,802	19,137
Letters of credit (b)	53,575	63,576
Corporate guarantees (Note 4)	3,604,908	3,832,227
Acceptances (c)	7,148	3,944
	3,774,433	3,918,884

- a) Guarantees issued by the bank on behalf of the group entities, guaranteeing that the group entities will meet their financial or contractual obligations to a third party. If the group entities fail to fulfil these obligations, the bank will cover the losses or pay the amount specified in the guarantee.

Bonds issued by the bank on behalf of the group entities to guarantee the Landlord/Municipality for satisfactory completion of the project/contract.

- b) A financial document issued by a bank that guarantees payment to the vendor of the company or beneficiary subject to specific conditions, to ensure that the seller receives payment from the bank once the terms and conditions stipulated in the letter of credit are fulfilled.
- c) Acceptances are a time draft or bill of exchange that has been accepted by the company authorizing payment on or after specified date.

23 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these interim condensed consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's management considers that the fair value of financial assets and financial liabilities approximates to their carrying amounts as stated in the interim condensed consolidated statement of financial position. The assets measured at fair value include investments at fair value through other comprehensive income amounting to USD 1.16 million as at 30 June 2024 (31 December 2023: USD 1.37 million) and have been grouped into level 1 at each reporting date.

Management assessed no material change in the fair value of investment properties as at 30 June 2024 since 31 December 2023. There has been no transfer between the levels during this period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at and for the six-month period ended 30 June 2024

24 DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTIONS FOR THE PURPOSE OF INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (under IAS 7)

	Six-month period ended 30 June 2024 USD '000 (unaudited)	Six-month period ended 30 June 2023 USD '000 (unaudited)
Issuance of share capital pursuant to the reorganisation	5,164,452	-
Bank borrowings novated to the Parent Company	533,696	-
Assets held for sale relating to property and equipment and investment property transferred to a related party	64,725	-
Net (decrease)/increase in right-of-use assets	(84,154)	109,480
Net (decrease)/increase in lease liabilities	(72,634)	113,860

25 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the six-month period ended 30 June 2024 and 30 June 2023 and three-month period ended 30 June 2024 and 30 June 2023 and therefore, there is no material impact of seasonality on the Group's operating results.

26 DIVIDEND

No dividends were declared and paid during the reported periods.

27 SUBSEQUENT EVENTS

Pursuant to the approval of the Board of Directors and the shareholders dated July 26, 2024, the Company has filed an application with the relevant regulatory authorities, to seek the necessary approval in relation to the proposed initial public offering of the Company.

28 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements was approved by those charged with governance and authorized for issue on 19 September 2024.

Lulu Retail Holdings Limited

DETAILS OF COMPANY'S SUBSIDIARIES as at 30 June 2024

Appendix A	30-Jun 2024	31-Dec 2023	Country of incorporation	Principal activities
Lulu Express Supermarket - Sole Proprietorship LLC	100%	100%	UAE	(i)
Emirates General Market Co.- Sole Proprietorship LLC	100%	100%	UAE	(i)
Lulu Express Fresh Supermarket – Sole Proprietorship LLC (formerly Emke Store Co. - Sole Proprietorship LLC)	100%	100%	UAE	(i)
Gulf Star Commodities Co.- Sole Proprietorship LLC	100%	100%	UAE	(ii)
Lulu Logistics General Trading - Sole Proprietorship LLC	100%	100%	UAE	(i)
Lulu Centre Sole - Proprietorship LLC	100%	100%	UAE	(i)
Lulu Express Fresh Market Sole Proprietorship LLC	100%	100%	UAE	(i)
Al Tayeb Distribution Sole Proprietorship LLC	100%	100%	UAE	(ii)
Al Tayeb Meat Sole Proprietorship LLC	100%	100%	UAE	(ii)
Lulu International Travel & Tourism LLC Sole Proprietorship	100%	100%	UAE	(iii)
Lulu Group – Sole Proprietorship LLC	100%	100%	UAE	(vi)
Huda Shipping International Sole Proprietorship LLC	100%	100%	UAE	(viii)
Emke Group Sole Proprietorship LLC	100%	100%	UAE	(vi)
Lulu Group International – Sole Proprietorship LLC	100%	100%	UAE	(iv)
Al Tayeb Food Industries Sole Proprietorship LLC (formerly Lulu Food Industries – Sole Proprietorship LLC)	100%	100%	UAE	(ix)
Lulu Hypermarket LLC, Dubai	100%	100%	UAE	(i)
Al Tayeb International General Trading LLC, Dubai	100%	100%	UAE	(ii)
Lulu Supermarket LLC, Dubai	100%	100%	UAE	(i)
Lulu Centre LLC, Dubai	100%	100%	UAE	(i)
Lulu Shopping LLC	100%	100%	UAE	(i)
Lulu Shopping Mall LLC	100%	100%	UAE	(vi)
Lulu Central Warehouse Single Owner LLC (Dubai)	100%	100%	UAE	(i)
Lulu Logistics LLC, Dubai	100%	100%	UAE	(i)
Lulu City Travels Single Owner LLC, Dubai	100%	100%	UAE	(iii)
Lulu International FZE, JAFZA	100%	100%	UAE	(i)
Lulu Hypermarket LLC, Sharjah	100%	100%	UAE	(i)
Lulu Hypermarket Sole Proprietorship LLC, Abu Dhabi	100%	100%	UAE	(i)
Lulu Center LLC, Umm Al Quwain	100%	100%	UAE	(i)
Lulu Hypermarket LLC (One Person) – (RAK)	100%	100%	UAE	(i)
Lulu Center LLC (One Person) – (RAK)	100%	100%	UAE	(i)
Lulu Express Trading – Sole Proprietorship LLC (Al Ain)	100%	100%	UAE	(i)
Lulu 2 SPV Ltd	100%	100%	UAE	(vi)
Lulu 3 SPV Ltd	100%	100%	UAE	(vi)
Lulu 4 SPV Ltd	100%	100%	UAE	(vi)
Lulu 6 SPV Ltd	100%	100%	UAE	(vi)
Lulu BPO SPV Ltd	100%	100%	UAE	(vi)
Hamad Rashed SPV Ltd	100%	100%	UAE	(vi)
Hamad Rashed SPV 1 Ltd	100%	100%	UAE	(vi)
Oyoon Lulu Eyexpress Optical	100%	100%	UAE	(vii)
Hamad Rashed Co 1 SPV Ltd	100%	100%	UAE	(vi)
Mariam Ismaeil SPV Ltd	100%	100%	UAE	(vi)
Meshari Abdullah SPV Ltd	100%	100%	UAE	(vi)
Y International (Australia) Pty Ltd	100%	100%	Australia	(ii)
Y International Canada Inc.	100%	100%	Canada	(ii)
Y International Polskal Sp Z.o.o.	100%	100%	Poland	(ii)

Lulu Retail Holdings Limited

DETAILS OF COMPANY'S SUBSIDIARIES as at 30 June 2024

Appendix A (continued)	30-Jun 2024	31-Dec 2023	Country of incorporation	Principal activities
Lulu Centre International General Trading and Contracting Company W.L.L Kuwait	100%	100%	Kuwait	(i)
Lulu Hypermarket General Trading & Contracting Co. W.L.L Kuwait	100%	100%	Kuwait	(i)
Lulu Kuwait Hypermarket Centre Company W.L.L Kuwait	100%	100%	Kuwait	(i)
Al Tayeb International Import & Export Company SPC	100%	100%	Kuwait	(ii)
Lulu Muscat Hypermarket LLC	100%	100%	Oman	(i)
Al Tayeb Lila Al Istalakiya and Business SPC	100%	100%	Oman	(ii)
Lulu Saudi Hypermarket (Single Shareholder) LLC	100%	100%	Saudi Arabia	(i)
Al Shuroq Al Tayeb Trading Company (Single Person) LLC	100%	100%	Saudi Arabia	(ii)
Lulu Bahrain Hypermarket WLL	100%	100%	Bahrain	(i)
Lulu Hypermarket Trading Company WLL*	100%	100%	Qatar	(i)
Lulu Center Trading Company WLL*	100%	100%	Qatar	(i)
Al Tayeb International Trading WLL*	100%	100%	Qatar	(ii)
Emmay Commodities Kenya Limited	100%	100%	Kenya	(ii)
Emmay Commodities SA Proprietary Limited	100%	100%	South Africa	(ii)
YMA Commodities Uganda Limited	100%	100%	Uganda	(ii)
E.K. Prima Exports Hong Kong Limited	100%	100%	Hong Kong	(ii)
Yiwu E.K.Prima Trading Limited Company	100%	100%	China	(ii)
Guangzhou EK Prima Trading Company	100%	100%	China	(ii)
YAS Exports Hong Kong Ltd	100%	100%	Hong Kong	(ii)
Y International Egypt (LLC)	100%	99%	Egypt	(ii)
Al Tayeb Import & Export General Trading (LLC)	100%	100%	Egypt	(ii)
May Exports (Malaysia) SDN. BHD.	100%	100%	Malaysia	(ii)
PT. Indo Agro International*	100%	100%	Indonesia	(ii)
PT YAS Exports International	100%	100%	Indonesia	(ii)
May Exports (Thailand) Co. Ltd	100%	99.50%	Thailand	(ii)
EMKE Exports (Thailand) Co. Ltd	100%	99.50%	Thailand	(ii)
May Exports Phil. Inc.	99.99%	99.99%	Philippines	(ii)
Y International España	100%	100%	Spain	(ii)
May Exports (Vietnam) Company Limited	100%	100%	Vietnam	(ii)
Y International (UK) Limited	100%	100%	United Kingdom	(ii)
Y International USA, Inc.	100%	100%	United States	(ii)
Yas Lanka (Private) Limited	100%	100%	Sri Lanka	(ii)
YMA Ithalat Ve Ihracat Limited Sirketi	100%	100%	Turkey	(ii)
Mantle Solutions Private Limited	100%	100%	India	(x)
Y International Italia S.R.L	100%	100%	Italy	(ii)
Al Tayeb Fresh Market Sole Proprietorship LLC, Abu Dhabi	100%	100%	UAE	(ii)
Lulu Hypermarket – Sole Proprietorship L.L.C, Fujairah	100%	100%	UAE	(i)
Al Tayeb Holding Company LLC Sole Proprietorship LLC	100%	100%	UAE	(vi)
Lulu Group International Limited	100%	100%	UAE	(vi)

*As at 30 June 2024, these entities are beneficially held by the Company through nominee arrangements.

Appendix A (continued)

The principal activities of the Company's subsidiaries are as follows:

- i) trading in foodstuff, meats, groceries, fruits, electrical appliances, readymade garments, perfumes and stationery through its showrooms;
- ii) wholesale distribution, retail, trading in groceries, readymade garments, electrical appliances, perfumes;
- iii) organising tourism trips, travel ticket reservations and ticket sales; and
- iv) real estate leasing and management service, commercial enterprises investment and management and managing and operating shopping malls and commercial properties.
- v) cleaning and maintenance services
- vi) business activities of holding companies, management services and/or special purpose vehicles
- vii) optics centre and retail sale of sunglasses, non-medical contact lenses, medical glasses and lenses.
- viii) air, sea and marine shipping services for goods and custom clearance.
- ix) production and packaging of food items.
- x) outsourcing services