

**LULU RETAIL HOLDINGS PLC AND ITS
SUBSIDIARIES**

**Reports and consolidated financial statements
For the year ended 31 December 2024**

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Reports and consolidated financial statements

For the year ended 31 December 2024

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LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Directors' Report

For the year ended 31 December 2024

The Directors present their report together with the consolidated financial statements of Lulu Retail Holdings PLC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is to act as a head office and holding company for the entities within the Group. The principal activities of the Company's subsidiaries include establishment and management of hypermarkets, and supermarkets; wholesale distribution, retail and production of food and non-food items; organising tourism trips, travel ticket reservations and ticket sales; holding companies, management services and/or special purpose vehicles; air, sea and marine shipping services; retail estate leasing; and outsourcing services.

Financial Results

During the year ended 31 December 2024, the Group generated total revenue of USD 7,621 million (2023: USD 7,278 million) and reported a profit of USD 249 million (2023: USD 222 million).

Review of Business Performance

FY 2024 has been a transformative year for the Company, underpinned by robust growth across all aspects of the Group's business. The Group's focus on expanding our store network and investing in higher-margin categories, coupled with the rapid evolution of our e-commerce platform has delivered remarkable results. FY 2024 revenue increased by 4.7% YoY to USD 7,621 million. The Group had strong performance across all segments with key focus markets like UAE and KSA being major contributors and driven by growth across a number of categories, with the Fresh Foods segment growing by 10.3% YoY in FY 2024.

Omni-channel remains a key focus area for the Company, with e-commerce sales growing at an impressive 70% YoY. E-commerce sales now represent 4.5% of total retail revenue, reflecting a 180 bps increase compared to 2023.

Net Profit from Continuing Operations saw strong double-digit growth of 12.6% YoY to USD 216.3 million in FY 2024, with net profit margin improving by 20 bps to 2.8%, driven by an improvement in operating profits.

Dividend

The Company's Board of Directors at their meeting held on 10 February 2025, proposed a cash dividend of 0.82 cents (3 fils) per share for the second half of the financial year ended 31 December 2024, subject to the approval of the shareholders at the upcoming Annual General Meeting (AGM) which represents a total payout of USD 84.4 million, in accordance with the dividend policy approved by the shareholders.

Continued Progress on Strategic Growth Pillars delivering resilient performance in FY 2024

The Company's growth strategy is focused on four key pillars: Enhancing its existing store network, expanding its store network, driving operational efficiencies and delivering revenue upside through private label and loyalty program expansion.

The FY 2024 operational and financial performance is evidence of Company's strong operating model and the continued progress on its strategic growth pillars.

The Company remains confident in delivering on its medium-term outlook, reinforcing its position as a growth-oriented, customer-centric market leader, maintaining its position as the largest full-line pan-GCC retailer.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Directors' Report

For the year ended 31 December 2024

Auditors

Deloitte & Touche (M.E.) LLP are eligible for re-appointment as auditors for the year ending 31 December 2025 and have expressed their willingness to accept the role. Accordingly, a resolution for their re-appointment will be presented to the shareholders at the Annual General Meeting.

Directors

The Directors of the Company as of 31 December 2024 are as follows:

1. Abdul Saleem Valiyakath Ibrahim Kutty
2. Saifuddin Taher Bhai Rupawala
3. Yusuffali Musaliam Veettil Abdul Kader (appointed on 22nd July 2024)
4. Asharf Ali Muslim Veettil Abdul Kader (appointed on 22nd July 2024)
5. Gil Adoteye Adotevi-Akue (appointed on 22nd July 2024)
6. Abdulrahman Ibrahim Hamad Abaalkhail (appointed on 22nd July 2024)
7. André George Sayegh (appointed on 22nd July 2024)
8. Reed Hamad Khamis Al-Sheryani Al-Dhaheeri (appointed on 22nd July 2024)
9. Salmeen Obaid Suwaid Alsembari Al Ameri (appointed on 22nd July 2024)

Statement of disclosure to auditors

The Directors certify that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board of Directors,



Yusuffali M.A.
Abu Dhabi, UAE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Lulu Retail Holdings PLC (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the Abu Dhabi Global Market (ADGM) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were discussed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS PLC
AND ITS SUBSIDIARIES (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from retail operations	
<p>The Group reported revenue from retail operations of USD 7.6 billion during the year ended 31 December 2024. Revenue is derived from the sale of goods and is recognised when the customer takes physical possession of the goods.</p> <p>The Group focuses on revenue as a key performance measure and as a driver for growth and expansion. The Group’s measurement and recording of revenue is highly dependent on IT systems and related controls due to the extensive volume and variety of transactions which are processed daily by the Group.</p> <p>The accurate measurement and recording of revenue depend on the automated accounting procedures and related controls being appropriately designed and operating effectively. These automated controls are essential to limit the potential for fraud and error as a result of an unauthorised or incorrect change to an application or underlying data. The potential errors in the timing and accuracy of revenue recognition could result in material misstatements in the consolidated financial statements of the Group when it recognises revenue.</p> <p>ISAs also require us to consider the risk of fraud in revenue recognition. There is an inherent risk of fraud given the high number of transactions and price fluctuations of the products affecting the revenue recognized for the year.</p> <p>We identified revenue recognition from retail operations as a key audit matter due to the significance of the revenue amount to the consolidated financial statements and the significant reliance on IT as all revenue transactions are processed through the point of sales systems which interfaces with the Group’s accounting system on a daily basis.</p> <p>Refer to note 3.8 to the consolidated financial statements for the accounting policy and note 22 for more details about the revenue recognized during the year.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • Understanding the significant revenue processes used to measure and record revenue and identifying the relevant controls, IT systems, interfaces and reports, including performance of end-to-end walkthroughs of the revenue processes. • Evaluating the design and implementation and testing the operating effectiveness of relevant controls related to the revenue processes. • Utilising our internal IT specialists to test IT general controls, system interfaces, data/information reporting and application specific controls surrounding relevant revenue systems. • Performing revenue three-way match test of manual controls on a sample basis, by reconciling the system-generated daily sales reports to the daily manual cash reconciliation summaries and bank statements; • Reconciling, on a sample basis, the daily point of sales reports to the amount deposited in banks and the revenue recorded on those days. • Assessing whether the revenue recognition criteria adopted by the Group is in accordance with the requirements of IFRS Accounting Standards. • Assessing the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS PLC
AND ITS SUBSIDIARIES (continued)**

Other Information

Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report, and the Group's annual report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's annual report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the applicable provisions of the Articles of Association of the Company and ADGM Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015, and ADGM Financial Services Regulatory Authority Market Rules, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS PLC
AND ITS SUBSIDIARIES (continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES (continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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


Report on Other Legal and Regulatory Requirements

As required by the provisions of the ADGM Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Financial Services Regulatory Authority Market Rules ("Rules and Regulations"), we report that:

- the consolidated financial statements of the Group have been prepared, in all material respect, in accordance with the requirements of the said Rules and Regulations;
- the information included in the Directors' report is consistent with the Group's consolidated financial statements for the year ended 31 December 2024;
- adequate accounting records have been kept by the Group; and
- the Group's consolidated financial statements are in agreement with the accounting records of the Group.

The engagement partner on the audit resulting in this independent auditor's report is Faeza Sohawon.

Deloitte & Touche (M.E.) LLP



Faeza Sohawon
19 March 2025
Abu Dhabi
United Arab Emirates

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December

	Notes	2024 USD'000	2023 USD'000
ASSETS			
Non-current assets			
Property and equipment	10	1,438,490	1,461,430
Right-of-use assets	11	1,726,393	1,868,395
Investment properties	12	13,471	15,010
Deferred tax assets	13	24,726	11,779
Investments at fair value through other comprehensive income (FVTOCI)		1,201	1,369
Other non-current assets		-	62
Total non-current assets		3,204,281	3,358,045
Current assets			
Inventories	14	1,473,636	1,374,607
Trade and other receivables	15	411,605	331,507
Due from related parties	9	14,782	2,415,670
Cash and cash equivalents	16	346,208	277,694
Assets classified as held for sale	6	-	4,399,478 246,628
Total current assets		2,246,231	4,646,106
Total assets		5,450,512	8,004,151
EQUITY AND LIABILITIES			
Equity			
Share capital	17	144,605	-
Capital reserve	17	-	65,282
Other reserves	17	32,709	20,405
Other equity	17	(27,925)	(10,898)
Retained earnings	17	843,467	692,118
Total equity, net		992,856	766,907

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December (continued)

	Notes	2024 USD'000	2023 USD'000
Non-current liabilities			
Bank borrowings	18	8,394	513,378
Employees' defined benefit obligations	19	198,412	176,785
Lease liabilities	20	1,724,018	1,827,674
Deferred tax liabilities	13	4,902	4,633
Total non-current liabilities		1,935,726	2,522,470
Current liabilities			
Trade and other payables	21	1,310,081	1,380,024
Bank borrowings	18	965,957	615,625
Lease liabilities	20	175,656	173,428
Due to related parties	9	33,560	2,325,949
Tax payable		36,676	17,672
Liabilities directly associated with assets held for sale	6	-	202,076
Total current liabilities		2,521,930	4,714,774
Total liabilities		4,457,656	7,237,244
Total equity and liabilities		5,450,512	8,004,151

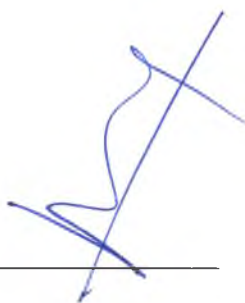
To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the periods presented therein.



Yusuffali MA
Chairman



Saifuddin Rupawala
Chief Executive Officer &
Director



Prasad KK
Chief Financial
Officer



Abdul Saleem VI
Chief Operating/
Strategy Officer & Director

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Consolidated statements of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2024 USD'000	2023 USD'000
Continuing operations			
Revenue	22	7,620,802	7,277,956
Cost of revenue	23	(5,855,917)	(5,602,829)
Gross profit		1,764,885	1,675,127
Other operating income	24	299,869	273,167
Operating expenses	25	(1,656,799)	(1,580,173)
Finance cost, net	26	(169,375)	(153,403)
Profit before tax		238,580	214,718
Income tax expenses	27	(22,300)	(22,674)
Profit for the year from continuing operations		216,280	192,044
Discontinued operations			
Profit after tax for the year from discontinued operations	6	32,916	29,722
Profit for the year		249,196	221,766
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>			
Re-measurement of employees' defined benefit obligations liability	19	(13,289)	(91)
Net fair value loss on equity investments at FVTOCI		(11)	(126)
<i>Item that may be reclassified subsequently to profit or loss (net of tax):</i>			
Exchange differences on translation of foreign operations		(3,727)	(1,329)
Other comprehensive loss for the year		(17,027)	(1,546)
Total comprehensive income for the year		232,169	220,220
Earnings per share			
Basic and diluted (USD cents per share)	28	2.41	2.15
Earnings per share for continuing operations:			
Basic and diluted (USD cents per share)		2.09	1.86

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Consolidated statements of changes in equity

For the year ended 31 December 2024

	<i>Share capital USD '000</i>	<i>Merger reserve USD '000</i>	<i>Capital reserve USD '000</i>	<i>Other reserves USD '000</i>	<i>Other equity USD '000</i>	<i>Retained earnings USD '000</i>	<i>Net equity USD '000</i>
Balance at 1 January 2023*	-	-	65,282	20,237	(9,352)	716,989	793,156
Profit for the year	-	-	-	-	-	221,766	221,766
Other comprehensive loss for the year	-	-	-	-	(1,546)	-	(1,546)
Total comprehensive (loss)/ income for the year	-	-	-	-	(1,546)	221,766	220,220
Other adjustments	-	-	-	-	-	(895)	(895)
Transfer to other reserves	-	-	-	168	-	(168)	-
Dividend declared and adjusted against related party balances (Note 35)	-	-	-	-	-	(245,574)	(245,574)
Balance at 1 January 2024*	-	-	65,282	20,405	(10,898)	692,118	766,907
Profit for the year	-	-	-	-	-	249,196	249,196
Other comprehensive loss for the year	-	-	-	-	(17,027)	-	(17,027)
Total comprehensive (loss)/ income for the year	-	-	-	-	(17,027)	249,196	232,169
Issuance of shares and deemed distribution on reorganisation (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 17)	-	85,543	-	-	-	(85,543)	-
Transfer to other reserves (Note 17)	-	-	-	12,304	-	(12,304)	-
Balance at 31 December 2024	144,605	-	-	32,709	(27,925)	843,467	992,856

*As at 1 January 2023 and 1 January 2024, the share capital balance amounted to USD 100.

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Consolidated statements of cash flows

For the year ended 31 December 2024

	Note	2024 USD'000	2023 USD'000
Cash flows from operating activities			
Profit before tax from continuing operations		238,580	214,718
Profit before tax from discontinued operations	6	32,976	26,263
Profit before tax		271,556	240,981
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
Depreciation of property and equipment	10	162,240	157,010
Depreciation of right-of-use assets	11	219,653	281,335
Depreciation of investment properties	12	2,087	5,385
(Gain)/loss on disposal of property and equipment		(172)	349
Gain arising from lease modifications		(137)	(31,364)
Gain arising from lease terminations		(33,625)	(41,952)
Loss allowance on trade receivables		-	448
Write-off of property and equipment	10	3,563	17,849
Interest expense		159,844	271,574
Interest income	26	(294)	(117,077)
Employees' defined benefit obligations	19	28,023	27,886
Amortisation of deferred gain on sale and lease back		-	(18,453)
Operating cash flows before movement in working capital		812,738	793,971
Increase in due from related parties		(34,601)	(319,251)
(Increase)/decrease in inventories		(99,029)	20,568
Increase in trade and other receivables		(49,745)	(81,593)
Decrease in other receivables		62	13,762
(Decrease)/increase in trade and other payables		(71,076)	22,453
Increase in due to related parties		10,583	572
Cash generated from operations		568,932	450,482
Employees' defined benefit obligations paid	19	(18,085)	(19,553)
Income tax paid		(32,874)	(19,971)
Interest paid		(159,844)	(271,574)
Net cash generated from operating activities		358,129	139,384
Cash flow from investing activities			
Purchase of property and equipment		(141,712)	(155,099)
Purchase of investment properties		(26)	(1,136)
Proceeds from disposal of property and equipment		4,985	1,231
Net cash used in investing activities		(136,753)	(155,004)
Cash flows from financing activities			
Proceeds from bank borrowings		2,330,791	3,257,413
Payment towards bank borrowings		(1,951,747)	(4,081,337)
Net funds (paid to)/received from related parties		(343,950)	1,015,658
Repayment of principal portion of lease liabilities		(186,480)	(201,689)
Repayment of loans from related parties		-	(135,798)
Net cash generated used in financing activities		(151,386)	(145,753)
Net increase/(decrease) in cash and cash equivalents		69,990	(161,373)
Cash and cash equivalents at beginning of year		278,870	441,399
Effects of foreign exchange rate changes		(2,652)	(1,156)
Cash and cash equivalents at end of the year	16	346,208	278,870

Refer to Note 33 to the consolidated financial statements for disclosure of non-cash transactions.

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024

1 GENERAL INFORMATION

Lulu Retail Holdings PLC (formerly “Lulu Retail Holdings Limited”) (the “Company”) is registered with Abu Dhabi Global Market (“ADGM”), under the license number 000003044 as a Public Company Limited by Shares. The Company was incorporated as Lulu IP SPV Limited on 23 September 2019 and its name was changed to Lulu Retail Holdings Limited on 24 November 2023. On 4 October 2024, the Company re-registered as a public company limited by shares. The registered address of the Company is PO Box 2405, 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, U.A.E.

The Company is 70% owned (2023: 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 Parent Company is ultimately controlled by Mr. Yusuffali Musaliam Veettil Abdul Kader (the “Ultimate Controlling Party”). The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

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 Company is a Public Company Limited by Shares and acts as a head office and holding company for the entities within the Group. The principal activities of the Company’s subsidiaries comprise of retail and wholesale businesses (hypermarkets, supermarkets, and similar) 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 Note 8 to these consolidated financial statements for the list of subsidiaries and their principal business activities.

On 14 November 2024, the Company listed its shares for trading on the Abu Dhabi Securities Exchange (“ADX”).

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) (IFRSs) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS and the applicable provisions of the Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Market Rules. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair values and remeasurement of defined benefit liability as explained in note 19.

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 each 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 consolidated financial statements are presented in USD. All amounts are rounded to the nearest thousand except where otherwise indicated. The financial results of the foreign operations are included in accordance with the policies set out in note 3.10.

The reorganisation 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. Since the reorganisation has no substance, the Group has chosen the pooling of interest method to account for the business combination of entities under common control.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

2 BASIS OF PREPARATION (continued)

Accordingly, the 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 will account 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 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 consolidated financial statements have been prepared for the years ended 31 December 2024 and 2023, 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 – Sole Proprietorship 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, the consolidated financial statements of the Group include carve-out financial information relating to the retail business of Al Falah Plaza Company – Sole Proprietorship 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 is recorded as a merger reserve within equity.

Note 3.1 provides additional information about the basis of consolidation.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

2 BASIS OF PREPARATION (continued)

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. As at 31 December 2024, the Group has a working capital deficit (current liabilities exceed current assets) of USD 276 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 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Group 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 Group controls an investee if and only if the Group 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.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances 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 Group 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group 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 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.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Leases

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Leases (continued)

The Group as lessee (continued)

The right-of-use assets are depreciated on a straight-line basis over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the consolidated statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single lease component. The Group has used this practical expedient.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

When a contract includes lease and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.3 Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the consolidated statement of profit or loss, to the extent that it relates to the rights that have been transferred to the buyer lessor. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor. After the commencement date, Group applies the lessee's accounting policies disclosed in note 3.2 above. In measuring the resulting lease liability, the Group determines 'lease payments' or 'revised lease payments' in a way that Group would not recognise any amount of gain or loss that relates to the right of use retained by the Group.

As permitted by IFRS 16, the Group did not reassess sale and leaseback transactions entered into before the date of initial application to determine whether a sale occurred under IFRS 15, and accordingly, continues to amortise any deferred gain on sale over the lease term (Note 20).

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Inventories

Inventories are stated at the lower of cost and net realisable value. For certain group entities, cost is determined using the “retail method” whereby the sales value is reduced by an appropriate gross margin.

For certain group entities, cost is determined using Weighted Average Cost (WAC) method due to the different nature of their operations. Cost comprises the invoice value and the related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

The Group reviews its inventories to assess loss on account of obsolescence and damage on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision is made or the cost is written off where the net realizable value of inventories is less than cost based on management’s best estimates.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for freehold land which is stated at cost.

The useful lives of property and equipment are as follows:

	Years
Buildings and leasehold improvements	4 - 20
Machinery and equipment	3 - 12
Computers and accessories	4 – 5
Furniture and fixtures	3 - 12
Motor vehicles	3 - 10

Depreciation is charged so as to write off the cost of assets, other than freehold land and property and equipment under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Investment properties

Investment properties, which are property held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure related to investment properties are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The investment properties are depreciated over a period of 12 to 25 years based on the terms of the leased land on which these investment properties are constructed.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

3.7 Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Revenue recognition (continued)

Retail operations - Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in a contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide customers with a right of return. The rights of return give rise to variable consideration.

Loyalty points programme

The Group has a loyalty points programme which allows customers to accumulate points that can be redeemed for a certain monetary value against subsequent purchases within a period of one month. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer or upon expiry.

Other operating income

The Group recognises display rental income over time as performance obligation is satisfied. The other contributions from vendors and listing fee income is recognized at the point in time when the services are rendered.

3.9 Cost of sales

Cost of sales primarily consists of the cost of purchases net of the rebates and supplier benefits, changes in inventories (including impairments), exchange gains and losses on goods purchases and inbound shipping costs.

Rebates and other supplier benefits

The Group receives discounts from vendors through variety of arrangements such as target discounts, statement discounts and discounts at various periods during the year relating to purchases which are deducted from purchase price to recognize costs of purchases in the consolidated financial statements.

3.10 Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in USD, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.10 Foreign currency transactions (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in USD using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in other equity. On the disposal of a foreign operation, all of the exchange differences accumulated in other equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are directly recognised in profit or loss in the period in which they are incurred.

3.12 Financial instruments

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired. Interest income is recognised in profit or loss and is included in the "Finance costs, net" line item.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 *Financial Instruments* unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other operating income' line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other financial assets as well as on financial guarantee contracts, if any. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime 'Expected Credit Loss' (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen or deterioration in the value of collateral. The Group assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets at amortised cost.

Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and short-term deposits with banks and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted using current pre-tax rate (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Where a disposal group represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the consolidated statement of profit and loss, with all prior periods being presented on this basis.

3.16 Current tax

The income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.17 Withholding tax

The Group withholds taxes in certain transactions with non-resident parties as required by the income tax laws of the country in which the Group operates in.

3.18 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3.19 Value added tax (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.20 Employees' defined benefit obligations

The employees' defined benefit obligations is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. Remeasurement of employees' defined benefit obligations is recognised in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss in subsequent periods. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of employees' defined benefit liabilities are recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- net interest expense or income; and
- remeasurements.

Curtailment gains and losses are accounted for as past service costs.

3.21 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.22 Dividend

The Company recognises a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 32)
- Financial instruments risk management and policies (Note 31)
- Sensitivity analyses disclosures (Notes 19)

4.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies which are described in Note 3 to the consolidated financial statements, management has made the following judgments, which have the most significant impact on the amounts recognised in the consolidated financial statements.

Inventory valuation

Management determines the cost of inventories in certain Group entities using the retail method whereby the retail sales value of inventory on hand is reduced by an appropriate average gross margin. Average gross margin is calculated considering expected rebates from the vendors. The overall retail method requires management to make certain judgments and estimates. Factors considered in the determination of gross margins for various products include current and anticipated demand, customer preferences and age of merchandise, as well as seasonal and fashion trends and product mix. Changes in customer preferences could cause changes in the amount and timings of margins from year to year.

Vendor rebates and allowances

The Group receives allowances from vendors through variety of arrangements such as target discounts, statement discounts and discounts at various periods during the year. These rebates, discounts and allowances received/receivable from vendors relating to purchases are deducted from purchase price to recognise costs of purchases in the financial statements. The Group recognises vendor allowances based on the fulfilment of their related obligations, which requires management to ascertain the volume of purchases that will be made during a period of agreement with the vendors.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Acquisition of entities under common control (accounting for business combinations involving entities or business under common control)

For transactions involving entities under common control, the Group adopts the pooling of interest method. Under the pooling of interest method, the carrying value of assets and liabilities are used to account for these transactions. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. No goodwill is recognised as a result of the combination. Any difference between the consideration paid and the equity 'acquired' is reflected within the equity. The components of the equity of the acquired entities are added to the same components within Group entity. The Group has chosen to apply pooling of interest retrospectively as if combining entities being presented had always been combined. Accordingly, the consolidated financial statements are restated for the prior period to reflect the combination as if it had occurred from the beginning of the earliest period presented.

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and key source of estimation uncertainty as at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Discounting of lease payments

The lease payments are discounted using the Incremental Borrowing Rate (IBR). For calculation of IBR, the Group has taken the Interbank Offered Rate (IBOR) of the respective countries and the Group's credit default swap spread as on the transition date and the rate is adjusted for Group's specific risk, term risk and underlying asset risk.

Useful lives of property and equipment and investment properties

Management reviews the residual values and estimated useful lives of property and equipment and investment properties at the end of each annual reporting period in accordance with IAS 16 and IAS 40. This review indicated that the actual lives of certain property and equipment were longer than the estimated useful lives used for depreciation purposes in the Group's consolidated financial statements.

Impairment of assets

At each reporting date, the management reviews each cash generating unit (CGU) for indicators of impairment. Each branch is identified as a CGU as it meets the definition of CGU as per IAS 36 by generating independent cash inflows. Where indicators of impairment are identified, the carrying amount of each CGU is tested for impairment by comparing its recoverable amount with its carrying amount. This determination of whether CGUs are impaired entails management's evaluation of the CGU's ability to generate cash flows from the reporting date to foreseeable future. Any difference arising as a result of a decline in value between the estimated recoverable amount and the carrying value of CGU is recognised as an expense in the profit or loss. Management is satisfied that no impairment provision is necessary on CGU at the reporting date based on the management's assessment. The Group bases its impairment calculation on most recent budgets and forecast assumptions, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Defined benefit obligations

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonably possible change in these assumptions are set out in Note 19.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (“IFRSs”)

5.1 New and revised IFRSs applied with no material effect on the consolidated financial statements of the Group

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	The group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.
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The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services

Amendments to IAS 1 Presentation of Financial Statements Non-current Liabilities with Covenants	The group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.
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The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (“IFRSs”)(continued)

5.1 New and revised IFRSs applied with no material effect on the consolidated financial statements of the Group (continued)

Amendments to IFRS 16 Leases - Lease liability in a sale and leaseback	<p>The group has adopted the amendments to IFRS 16 for the first time in the current year.</p> <p>The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.</p> <p>The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.</p> <p>As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.</p> <p>A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.</p>
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements	<p>The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.</p> <p>The term ‘supplier finance arrangements’ is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.</p> <p>To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:</p> <ul style="list-style-type: none">• The terms and conditions of the arrangements• The carrying amount, and associated line items presented in the entity’s statement of financial position, of the liabilities that are part of the arrangements• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers• Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement• Liquidity risk information <p>The amendments contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments</p>

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (“IFRSs”) (continued)

5.2 New and amended IFRSs in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 - Lack of exchangeability	Annual reporting periods beginning on or after 1 January 2025
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	Effective date not yet decided
IFRS 18 Presentation and Disclosure in Financial Statements	Effective for annual reporting periods beginning on or after 1 January 2027
IFRS Accounting Taxonomy 2023 – Update 1 International Tax Reform – Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability	Effective date not yet decided
IFRS Accounting Taxonomy 2023 – Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update	Effective date not yet decided
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.	Annual reporting periods beginning on or after 1 January 2025
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S2 Climate-related Disclosures	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Effective for annual reporting periods beginning on or after 1 January 2027
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	Annual reporting periods beginning on or after 1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11 - The pronouncement comprises the following amendments:	Annual reporting periods beginning on or after 1 January 2026
<ul style="list-style-type: none">•IFRS 1: Hedge accounting by a first-time adopter•IFRS 7: Gain or loss on derecognition•IFRS 7: Disclosure of deferred difference between fair value and transaction price•IFRS 7: Introduction and credit risk disclosures•IFRS 9: Lessee derecognition of lease liabilities•IFRS 9: Transaction price•IFRS 10: Determination of a ‘de facto agent’•IAS 7: Cost method	

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS Accounting Standards) (“IFRSs”) (continued)

5.2 New and amended IFRSs in issue but not yet effective and not early adopted(continued)

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

6 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.

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

	2024 USD'000	2023 USD'000
Revenue	7,275	50,316
Other operating income	34,080	64,738
Operating expense	(6,380)	(60,261)
Interest expense, net	(1,999)	(23,073)
Loss on the disposal of the subsidiaries	-	(5,457)
Profit before tax	32,976	26,263
Income tax (expense)/credits	(60)	3,459
Profit relating to discontinued operations	32,916	29,722
Total comprehensive income relating to discontinued operations	32,916	29,722

Cash flows relating to discontinued operations:

	2024 USD'000	2023 USD'000
Net cash from operating activities	11,306	74,100
Net cash outflow from investing activities	(78)	(5,614)
Net cash outflow from financing activities	(12,394)	(69,107)
Earnings per share for discontinued operations:		
Basic and diluted (USD cents per share)	0.32	0.29

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

6 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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 subsidiaries' net assets. There was no gain/loss on disposal of the businesses during the year ended December 2024.

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

	31 December 2023 USD'000
Property and equipment	43,642
Right-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

7 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. 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.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

7 SEGMENT INFORMATION (continued)

7.1 The following is an analysis of the Group's revenue and results by reportable segment:

31 December 2024

	<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 22)	2,745,407	1,098,609	1,478,122	1,176,125	660,589	7,158,852	461,950	7,620,802
Inter-segment revenues	54,967	-	-	-	-	54,967	473,096	528,063
Segment revenue	2,800,374	1,098,609	1,478,122	1,176,125	660,589	7,213,819	935,046	8,148,865
Segment adjusted EBITDA	346,678	138,167	74,111	131,715	98,857	789,528	69,312	858,840
Interest income	6	23	-	-	-	29	265	294
Interest expense	71,002	17,900	10,536	21,876	23,122	144,436	13,408	157,844
Net interest expense	70,996	17,877	10,536	21,876	23,122	144,407	13,143	157,550
Depreciation and amortisation	137,477	56,670	42,854	62,437	49,913	349,351	26,419	375,770
Tax expense/(income)	11,852	4,870	(6,995)	8,077	-	17,804	4,496	22,300
Tax rate	9%	10%	20%	15%	-	-	-	-
Gain/(loss) on lease modification	403	(512)	-	1	(49)	(157)	20	(137)

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

7 SEGMENT INFORMATION (continued)

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

31 December 2023

	<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 22)	2,595,248	1,093,286	1,400,561	1,125,510	634,769	6,849,374	428,582	7,277,956
Inter-segment revenues	54,266	-	-	-	-	54,266	373,988	428,254
Segment revenue	2,649,514	1,093,286	1,400,561	1,125,510	634,769	6,903,640	802,570	7,706,210
Segment adjusted EBITDA	287,888	154,325	128,977	91,486	86,429	749,105	61,989	811,094
Interest income	116,590	-	39	-	-	116,629	448	117,077
Interest expense	133,300	39,768	29,242	23,625	20,418	246,353	11,831	258,184
Net interest expense	16,710	39,768	29,203	23,625	20,418	129,724	11,383	141,107
Depreciation and amortisation	142,049	71,226	69,395	61,914	42,441	387,025	26,450	413,475
Tax expense	519	1,618	11,975	907	-	15,019	5,613	20,632
Tax rate	-	10%	20%	15%	-	-	-	-
Gain on lease modification	165	562	30,324	275	-	31,326	38	31,364

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

7 SEGMENT INFORMATION (continued)

7.2 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 consolidated financial statements. 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.

31 December 2024

	<i>UAE</i> <i>USD '000</i>	<i>Qatar</i> <i>USD '000</i>	<i>KSA</i> <i>USD '000</i>	<i>Oman</i> <i>USD '000</i>	<i>Kuwait</i> <i>USD '000</i>	<i>Total</i> <i>reportable</i> <i>segments</i> <i>USD '000</i>	<i>Other</i> <i>operating</i> <i>segments</i> <i>USD '000</i>	<i>Total</i> <i>USD '000</i>
Segment Assets	5,450,946	691,832	856,895	883,692	683,797	8,567,162	530,559	9,097,721
Segment Liabilities	2,048,672	639,776	733,709	719,212	582,587	4,723,956	378,841	5,102,797

31 December 2023

	<i>UAE</i> <i>USD '000</i>	<i>Qatar</i> <i>USD '000</i>	<i>KSA</i> <i>USD '000</i>	<i>Oman</i> <i>USD '000</i>	<i>Kuwait</i> <i>USD '000</i>	<i>Total</i> <i>reportable</i> <i>segments</i> <i>USD '000</i>	<i>Other</i> <i>operating</i> <i>segments</i> <i>USD '000</i>	<i>Total</i> <i>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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

7 SEGMENT INFORMATION (continued)

7.3 Reconciliations of information on reportable segments to the amounts reported in the financial statements:

Reconciliation of revenues:

Particulars	2024 USD'000	2023 USD'000
Total revenue for reportable segments	7,213,819	6,903,640
Revenue for other operating segments	935,046	802,570
Elimination of inter-segment revenue	(528,063)	(428,254)
Consolidated revenue	7,620,802	7,277,956

Reconciliation of adjusted EBITDA:

Particulars	2024 USD'000	2023 USD'000
Total adjusted EBITDA	858,840	811,094
Depreciation and amortisation*	(378,773)	(415,844)
Net finance cost	(169,375)	(153,403)
Gain on lease modification	137	31,364
Head office Expenses**	(72,495)	(57,745)
Others	246	(748)
Profit before tax and discontinued operations	238,580	214,718

*Depreciation and amortisation include unallocated depreciation of USD 3,002 thousand during the year ended 31 December 2024 (31 December 2023: USD 2,369 thousand).

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

Reconciliation of assets

Particulars	2024 USD'000	2023 USD'000
Total assets for reportable segments	8,567,162	9,289,275
Assets for other operating segments	530,559	513,678
Asset held for sale	-	246,628
Corporate head office assets	11,466	5,184
Inter-segment eliminations	(3,658,675)	(2,050,614)
Consolidated total assets	5,450,512	8,004,151

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

7 SEGMENT INFORMATION (continued)

7.3 Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued):

Reconciliation of liabilities

Particulars	2024 USD'000	2023 USD'000
Total liabilities for reportable segments	4,723,956	8,553,387
Liabilities for other operating segments	378,841	403,958
Liabilities associated to assets held for sale	-	202,076
Inter-segment eliminations	(645,141)	(1,922,177)
Consolidated total liabilities	4,457,656	7,237,244

7.4 Geography wise revenue

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

Revenue from external customers

	2024 USD'000	2023 USD'000
UAE	2,745,407	2,595,248
Oman	1,176,125	1,125,510
KSA	1,478,122	1,400,561
Qatar	1,098,609	1,093,286
Kuwait	660,589	634,769
Bahrain	426,078	403,055
Egypt	14,212	12,909
Other countries	21,660	12,618
Total	7,620,802	7,277,956

7.5 Geography wise non-current assets

Non current assets

	2024 USD'000	2023 USD'000
UAE	1,008,279	1,171,432
Oman	579,125	606,529
KSA	418,414	394,095
Qatar	487,570	516,122
Kuwait	442,375	411,152
Bahrain	201,247	214,639
Egypt	46	75
Other countries	29,832	25,608
Total	3,166,888	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.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

8 LIST OF SUBSIDIARIES

	<i>Beneficial ownership interest</i>		Country of incorporation	Principal activities
	31 December 2024	31 December 2023		
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	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- Sole Proprietorship LLC	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	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 – Single owner, Dubai	100%	100%	UAE	(vi)
Lulu Central Warehouse LLC -Single Owner (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 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 Lisla Al Istalakiya and Business SPC	100%	100%	Oman	(ii)
Lulu Saudi Hypermarket (Single Shareholder) LLC	100%	100%	Saudi Arabia	(i)
Al Shurouq Al Tayeb Trading Company (Single Person)LLC	100%	100%	Saudi Arabia	(ii)

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

8 LIST OF SUBSIDIARIES (CONTINUED)

	<i>Beneficial ownership interest</i>		Country of incorporation	Principal activities
	31 December 2024	31 December 2023		
Lulu 6 SPV Regional Headquarters Company (One Person)	100%	-	Saudi Arabia	(vi)
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%	100%	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.	100%	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)

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;
- 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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

9 RELATED PARTY TRANSACTIONS AND BALANCES

Note 1 and Note 8 provide information about the Group's structure including details of the holding company, parent, ultimate parent and subsidiaries. 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. 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:

	2024	2023
	USD'000	USD'000
<i>(i) Due from related parties</i>		
<u>Entities under common control of Parent Company:</u>		
Line Investments & Property – Sole Proprietorship LLC, Abu Dhabi	-	1,144,546
Al Falah Plaza Company – Sole Proprietorship LLC, Abu Dhabi	-	365,148
Line Investments and Property FZE, Dubai	-	352,079
Khalidiyah Mall – Sole Proprietorship LLC, Abu Dhabi	-	193,964
Lulu Properties SPV Ltd	-	79,329
PT Lulu Group Retail	-	70,617
Lulu Group Retail SDN BHD	-	53,211
Al Lulu Hypermarkets SAE	-	60,131
Eyexpress Opticals W.L.L	-	475
Lulu 1 SPV Ltd	-	2,854
Lulu 8 SPV Ltd	-	274
Lulu 7 SPV Ltd	-	35
Lulu Properties LLC	-	31,117
Lulu Cleaning and Maintenance Company	-	2,454
Lulu Group International Limited	-	23
	<hr/>	<hr/>
	-	2,356,257
<u>Other related parties:</u>		
Y&S Properties SPV Ltd	-	56,717
Lulu International Shopping Mall Pvt Ltd	4,336	2,651
Lulu Convention Center Calicut Private Limited	206	45
Lulu International Convention Center Private Limited	6	-
	<hr/>	<hr/>
	4,548	59,413
<u>Parent company</u>		
Lulu International Holdings Limited	10,234	-
	<hr/>	<hr/>
Total	14,782	2,415,670

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2024 USD'000	2023 USD'000
<i>(ii) Due to related parties</i>		
<u>Entities under common control of Parent Company:</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
	-	43,601
<u>Other related parties:</u>		
Fair Exports (India) Pvt Ltd	32,701	27,688
Lulu Flight Kitchen Pvt Ltd	-	355
Silal Food & Technology	641	-
Speed Track Garage LLC	1	-
Lulu International Exchange LLC	217	-
	33,560	28,043
<u>Parent company</u>		
Lulu International Holdings Limited	-	2,254,305
Total	33,560	2,325,949

During year ended 31 December 2024, an agreement to net settle related party balances with Parent company and related parties under common control of Parent Company amounting to USD 2,484 million was implemented resulting in a net receivable from the Parent Company of USD 10.23 million as at 31 December 2024.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with the related parties during the year are as follows:

	2024 USD'000	2023 USD'000
<u>Entities under common control of Parent Company:</u>		
Rent paid	161,641	101,450
Interest received (note (a))	5,159	120,996
Dividend	-	176,991
Leases transferred to related party	-	21,231
Transfer of property and equipment	43,837	365,827
Transfer of investment properties	21,331	6,830
Purchase/ transfer of assets	43	3,669
Other transactions, net	6,761	5,783
<u>Other related parties:</u>		
Purchase of goods	240,426	200,739
Interest paid (note (a))	-	30,526
Rent paid	3,813	17,383
Other transactions, net	(530)	941
<u>Parent Company:</u>		
Interest charged by the Parent company (note(a))	-	35,436
Bank borrowings novated to the Parent Company	533,696	-
Dividends	-	68,583
Payable on account of reorganisation	757,689	-
Issue of share capital (note 17)	751,469	-
Other adjustments, net	(104)	(354)

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 year ended 31 December 2024, the Group received net funding (including payments made by related parties on behalf of the Group) amounting to USD 821 million (31 December 2023: received net funds amounting to USD 135 million).

Terms and conditions:

Outstanding balances at the 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.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Guarantees:

As at 31 December 2024, certain related parties have provided corporate guarantees towards the Group's banking facilities amounting to USD 1,615 million (31 December 2023: USD 1,673 million).

Corporate guarantees provided by the Group towards banking facilities obtained by related parties amounting to USD 803 million as of 31 December 2023, were settled during the year. (31 December 2023: USD 803 million).

Corporate guarantees provided by the Group towards banking facilities obtained together with related parties amounting to USD 3,029 million, were settled during the year (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 year are as follows:

	2024 USD'000	2023 USD'000
Short-term employee benefits	5,225	3,849
End of service benefits	257	485
Total compensation to key management personnel	5,482	4,334

During the year, the Company appointed BHM Capital Financial Services PSC (the "Liquidity Provider") through an Agreement dated 12 November 2024 to provide liquidity provision services in connection with its shares, where the Liquidity Provider will trade (i.e., purchase and/or sell) shares of the Company on the Abu Dhabi Securities Exchange ("ADX"). Subsequently, this Agreement was revised on 13 November 2024 to include the Parent Company as one of the contracting parties. The revised Agreement was entered into for an initial term of twelve months. During the term of the Agreement, the Liquidity Provider will receive funds from the Parent Company to purchase and/or sell the Company's shares on ADX and the Parent Company bears the risks and rewards of the trades executed by the Liquidity Provider. The Liquidity Provider trades and operates within the predetermined parameters approved by the Parent Company. The fees for the services performed by the Liquidity Provider are paid by the Company and will be charged back to the Parent Company.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

10 PROPERTY AND EQUIPMENT

	<i>Land</i> <i>USD '000</i>	<i>Buildings and leasehold improvements</i> <i>USD '000</i>	<i>Machinery and equipment</i> <i>USD '000</i>	<i>Computers and accessories</i> <i>USD '000</i>	<i>Furniture and fixtures</i> <i>USD '000</i>	<i>Motor vehicles</i> <i>USD '000</i>	<i>Capital work-in- progress</i> <i>USD '000</i>	<i>Total</i> <i>USD '000</i>
Cost:								
At 1 January 2023	58,991	1,344,597	1,240,804	69,432	404,418	128,100	506,040	3,752,382
Additions	-	8,175	9,569	2,383	5,856	3,428	135,702	165,113
Transfer from capital work-in-progress	-	69,679	35,513	5,208	17,755	4,699	(132,854)	-
Transfer to investment properties (Note 12)	-	(4)	-	-	-	-	(601)	(605)
Transfers from/(to) related parties, net (Note 9)	(4,206)	(5,984)	(2,051)	15	(2,255)	(118)	(353,449)	(368,048)
Write offs	-	-	-	-	-	-	(17,849)	(17,849)
Disposals	-	(560)	(1,329)	(113)	(271)	(3,338)	-	(5,611)
Asset held for sale (Note 6)	(20,948)	(26,410)	(4,099)	(279)	(4,233)	(273)	-	(56,242)
Translation adjustment	5	1,367	1,131	54	141	11	98	2,807
At 1 January 2024	33,842	1,390,860	1,279,538	76,700	421,411	132,509	137,087	3,471,947
Additions	-	3,055	5,644	2,650	4,578	3,788	128,959	148,674
Transfer from capital work-in-progress	260	51,470	49,042	10,048	19,777	6,854	(137,451)	-
Transfers from/(to) related parties, net	-	(16)	133	(10)	2	80	(231)	(42)
Write offs	-	-	-	-	-	-	(3,563)	(3,563)
Disposals	-	(3,477)	(1,241)	(331)	(4,570)	(4,579)	(129)	(14,327)
Translation adjustment	-	(743)	(645)	(97)	(380)	(116)	(148)	(2,129)
At 31 December 2024	34,102	1,441,149	1,332,471	88,960	440,818	138,536	124,524	3,600,560

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

10 PROPERTY AND EQUIPMENT (continued)

	<i>Land</i> USD '000	<i>Buildings and leasehold improvements</i> USD '000	<i>Machinery and equipment</i> USD '000	<i>Computers and accessories</i> USD '000	<i>Furniture and fixtures</i> USD '000	<i>Motor vehicles</i> USD '000	<i>Capital work-in- progress</i> USD '000	<i>Total</i> USD '000
Accumulated depreciation								
At 1 January 2023	-	598,314	864,685	48,616	271,387	88,175	-	1,871,177
Charge for the year	-	62,862	57,638	8,356	20,675	7,479	-	157,010
Transfers from/(to) related parties, net (Note 9)	-	(1,070)	(525)	58	(599)	(85)	-	(2,221)
Eliminated on disposal	-	(311)	(1,060)	(94)	(268)	(2,298)	-	(4,031)
Translation adjustment	-	268	782	43	61	28	-	1,182
Asset held for sale (Note 6)	-	(7,198)	(1,845)	(202)	(3,145)	(210)	-	(12,600)
At 1 January 2024	-	652,865	919,675	56,777	288,111	93,089	-	2,010,517
Charge for the year	-	64,635	59,536	8,399	21,570	7,797	-	161,937
Transfers from/(to) related parties	-	9	8	-	-	(3)	-	14
Eliminated on disposal	-	(1,418)	(1,079)	(303)	(3,077)	(3,637)	-	(9,514)
Translation adjustment	-	(177)	(387)	(61)	(196)	(63)	-	(884)
At 31 December 2024	-	715,914	977,753	64,812	306,408	97,183	-	2,162,070
Carrying amount								
At 31 December 2024	34,102	725,235	354,718	24,148	134,410	41,353	124,524	1,438,490
At 31 December 2023	33,842	737,995	359,863	19,923	133,300	39,420	137,087	1,461,430

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

10 PROPERTY AND EQUIPMENT (continued)

(a) Additions to property and equipment include borrowing costs capitalised during the year ended 31 December 2024 amounting to USD 3.6 million (31 December 2023: USD 5 million). The rate of capitalisation is equivalent to the average bank borrowing rate of the Group.

(b) The depreciation charge is allocated as follows, for the years ended 31 December:

	2024 USD'000	2023 USD'000
Operating expenses [Note 25 (a)]	161,937	155,229
Related to discontinued operations	303	1,781
	<u>162,240</u>	<u>157,010</u>

(c) There are no bank borrowings secured against property and equipment during the year ended 31 December 2024 (31 December 2023: USD 106.44 million).

11 RIGHT-OF-USE ASSETS

The Group has lease contracts for land and buildings. These leases generally have terms between 15 and 40 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is not restricted from assigning and subleasing the leased assets. Several lease contracts include extension and termination options, as well as variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the years ended 31 December:

	2024 USD'000	2023 USD'000
Cost		
Balance at the beginning of the year	2,916,130	3,970,144
Additions during the year	222,180	269,219
Terminations during the year	(79,266)	(945,814)
Modifications	(144,568)	(116,837)
Relating to assets held for sale (Note 6)	-	(261,839)
Translation adjustment	(2,009)	1,257
Balance at the end of the year	<u>2,912,467</u>	<u>2,916,130</u>
Accumulated depreciation		
Balance at the beginning of the year	1,047,735	1,062,747
Depreciation charge for the year	215,289	281,335
Depreciation capitalised	2,795	5,341
Terminations during the year	(66,648)	(193,920)
Modifications	(12,396)	(13,716)
Relating to asset held for sale (Note 6)	-	(93,734)
Translation adjustment	(701)	(318)
Balance at the end of the year	<u>1,186,074</u>	<u>1,047,735</u>
Net carrying amount at the end of the year	<u>1,726,393</u>	<u>1,868,395</u>

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

11 RIGHT-OF-USE ASSETS (continued)

Depreciation charges include amount of USD 2,795 thousand during the year ended 31 December 2024 (31 December 2023: USD 5,341 thousand) capitalised to capital work in progress related to the lands and building that qualify during the period of construction.

The maturity analysis of lease liabilities is disclosed in note 20.

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

	2024 USD'000	2023 USD'000
Depreciation expense on right-of-use assets (a)	219,653	281,335
Expense relating to short-term leases	136,117	66,766
Gain on termination of leases (b)	(33,762)	(73,316)

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

	2024 USD'000	2023 USD'000
-Operating expenses (Note 25(a))	215,289	259,069
-Related to discontinued operations	4,364	22,266
	<u>219,653</u>	<u>281,335</u>

(b) The gain on termination of leases related to discontinued operations amounted to USD 33.6 million during the year ended 31 December 2024 (31 December 2023: USD 41.9 million)

The total cash outflow for leases amounted to USD 266.8 million during the year ended 31 December 2024 (31 December 2023: USD 336.6 million) (Note 20). The Group also had non-cash additions to right-of-use assets and lease liabilities which are disclosed in note 33.

12 INVESTMENT PROPERTIES

	2024 USD'000	2023 USD'000
Cost		
Balance at the beginning of the year	40,836	112,147
Additions during the year	7	1,136
Transfers to related parties (Note 9)	4	(19,377)
Transfers from property and equipment (Note 10)	-	605
Reclassified as asset held for sale (Note 6)	-	(53,669)
Translation adjustments	-	(6)
Balance at the end of the year	<u>40,847</u>	<u>40,836</u>
Accumulated depreciation		
At the beginning of the year	25,826	64,809
Charge for the year	1,547	5,385
Transfers to related parties (Note 9)	3	(12,547)
Reclassified as asset held for sale (Note 6)	-	(31,817)
Translation adjustments	-	(4)
Balance at the end of the year	<u>27,376</u>	<u>25,826</u>
Net carrying amount at end of the year	<u>13,471</u>	<u>15,010</u>

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

12 INVESTMENT PROPERTIES (continued)

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

	2024	2023
	USD'000	USD'000
-Operating expenses (Note 25(a))	1,547	1,546
-Related to discontinued operations	540	3,839
	2,087	5,385

Investment properties represent residential and commercial buildings in Oman and the United Arab Emirates. As permitted by IAS 40 Investment Property, the Group has chosen to carry investment properties under the cost model. The fair value of the investment properties as at 31 December 2024 is estimated to be USD 29.3 million (31 December 2023: USD 57 million). The valuations in Oman are performed by Cavendish Maxwell and Al Habib & Co LLC. The valuations in UAE are performed by Cavendish Maxwell. All are accredited independent valuers and specialists in valuing these types of investment properties. The other investment properties are valued by applying the income approach or market approach as recommended by the International Valuation Standards Committee.

The income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to USD 3.54 million during the year ended 31 December 2024 (31 December 2023: USD 27.1 million). Direct operating expenses (excluding depreciation expense) arising on the investment property, amounted to USD 0.50 million during the year ended 31 December 2024 (31 December 2023: USD 4.7 million).

Fair value hierarchy disclosures for investment properties are included in Note 30.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

13 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation	Leases	Accrued and other liabilities	Retirement benefit obligations	Fair Value Adjustment Reserve	Tax losses	Forex difference	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2023	(7,532)	14,930	106	4,154	-	20	-	11,678
Charge/(credit) to profit or loss	581	(3,603)	10	620	-	19	-	(2,373)
Charge to other comprehensive income	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 1 January 2024	(6,951)	11,327	116	4,774	-	39	-	9,305
Charge to profit or loss	7,621	(1,032)	(7)	1,514	-	1,386	-	9,482
Charge to other comprehensive income	-	-	-	666	1	-	-	667
Charge to equity	377	-	-	-	-	-	-	377
Exchange differences	-	-	-	-	-	-	(7)	(7)
At 31 December 2024	1,047	10,295	109	6,954	1	1,425	(7)	19,824

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

13 DEFERRED TAX (continued)

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2024 USD'000	2023 USD'000
Deferred tax liability	(4,902)	(5,142)
Deferred tax assets	24,726	14,447
	<u>19,824</u>	<u>9,305</u>
Deferred tax, net related to discontinued operations	-	(2,159)
	<u>19,824</u>	<u>7,146</u>

At the reporting date, the group has unused tax losses of USD 15.74 million (2023: USD 1.11 million) available for offset against future profits. A deferred tax asset has been recognised in respect of USD 14.17 million (2023: USD 0.04 million) of such losses. No deferred tax asset has been recognised in respect of the remaining USD 1.57 million (2023: USD 1.07 million) as it is not considered probable that there will be future taxable profit available.

14 INVENTORIES

	2024 USD'000	2023 USD'000
Goods for resale	1,473,636	1,374,607
	<u>1,473,636</u>	<u>1,374,607</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations was USD 5,769 million during the year ended 31 December 2024 (31 December 2023: USD 5,519 million) is charged to cost of revenue.

The cost of inventories recognised as an expense includes USD 87 million during the year ended 31 December 2024 (31 December 2023: USD 84 million) in respect of write-downs of inventory to net realisable value.

15 TRADE AND OTHER RECEIVABLES

	2024 USD'000	2023 USD'000
Trade receivables	249,819	198,967
Less: Expected credit loss allowance	(2,337)	(2,337)
	<u>247,482</u>	<u>196,630</u>
Deposits	27,783	25,695
Prepayments	72,428	50,283
Advances to suppliers	24,854	26,886
Tenants' receivables	9,737	10,454
Advances to employees	4,507	5,111
Other receivables	24,814	16,448
	<u>411,605</u>	<u>331,507</u>

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

15 TRADE AND OTHER RECEIVABLES (Continued)

Substantially all of the sales of the Group entities in the retail trading business are made on a cash basis to their customers. The balance in trade receivables represents the receivables in respect of credit sales made to certain customers.

The Group makes sales on a credit basis to a few customers with a limited credit period which would not normally extend beyond a period of one month and is pre-approved by the management. No interest is charged on the past due trade receivables. At the end of the reporting period, there were no customer that accounts for more than 5% of the total amount of trade receivables.

Collectively assessed	Gross carrying amount at default USD'000	Expected credit loss allowance USD'000	Not impaired receivables USD'000
31 December 2024			
Current	45,955	14	45,941
Past due by:			
1 to 30 days	53,456	12	53,444
31 – 60 days	39,794	22	39,772
61- 90 days	30,841	7	30,834
More than 90 days	79,773	2,282	77,491
	<u>249,819</u>	<u>2,337</u>	<u>247,482</u>
31 December 2023			
Current	50,075	14	50,061
Past due by:			
1 to 30 days	53,348	12	53,336
31 – 60 days	41,774	22	41,752
61- 90 days	5,851	7	5,844
More than 90 days	47,919	2,282	45,637
	<u>198,967</u>	<u>2,337</u>	<u>196,630</u>

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Movement in loss allowance:

	2024 USD'000	2023 USD'000
Balance at beginning of the year	2,337	2,273
Impairment loss recognised on trade receivables	-	64
Balance at the end of the year	<u>2,337</u>	<u>2,337</u>

Trade receivables are secured against bank borrowings to the extent disclosed in Note 18 to the consolidated financial statements.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

16 CASH AND CASH EQUIVALENTS

	2024 USD'000	2023 USD'000
Cash on hand	36,676	41,470
Bank balances	235,990	229,480
Short term deposits	73,542	6,744
	<u>346,208</u>	<u>277,694</u>

Bank balances are assessed to have low credit risk of default since these banks are highly regulated by the respective central banks. Accordingly, the management estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. After taking into account the historical default experience and the current credit ratings of the banks, the management has assessed that loss allowance on cash balances is immaterial, hence, no loss allowance was recognised for the year ended 31 December 2024 and 2023. Bank balances include credit card transactions that are under process and are restricted against the bank borrowings as at reporting date as disclosed in Note 18.

Short term deposits represent bank deposits with maturity periods of less than three months. These deposits carry interest rates, variable according to their respective jurisdiction's central bank rates and the carrying amounts of these assets approximate to their fair value.

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

	2024 USD'000	2023 USD'000
Cash on hand	36,676	41,470
Bank balances	235,990	229,480
Short term deposits	73,542	6,744
Cash at banks attributable to discontinued operations (Note 6)	-	1,176
	<u>346,208</u>	<u>278,870</u>

17 EQUITY

Share capital

The authorised share capital of the Company is 12 billion shares of USD 0.014 each as at 31 December 2024 (31 December 2023: 100 shares of USD 1 each). The issued share capital of the Company is 10,328,905,350 shares of USD 0.014 each as at 31 December 2024 (31 December 2023: 100).

During the year, pursuant to the reorganisation (refer note 1) the Company issued 4,412,983,345 shares of par value USD 1 each and converted a payable of USD 751,469,230 into 751,469,230 shares of par value USD 1 each.

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. Accordingly, an amount of USD 5,019,848 thousand was transferred from share capital to merger reserve.

On 13 June 2024, the Company undertook a share split, resulting in the Company's share capital being USD 144,605 thousand divided into 10,328,905,350 shares with a nominal value of USD 0.014 each (equivalent to AED 0.051).

On 4 October 2024, the Company re-registered as a public company limited by shares.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

17 EQUITY (continued)

Capital reserves

Capital reserve represents the share capital of the entities within the Group prior to the reorganisation.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of acquiree entities resulting from the reorganisation. Pursuant to the resolution of the Board in March 2024, the merger reserve has been fully adjusted against the share capital and retained earnings.

Other equity

Other equity comprises of the cumulative net fair value gain/loss on the investments at fair value through other comprehensive income, the remeasurement of employees' defined benefit obligations and the cumulative foreign exchange differences arising on the translation of overseas operations.

Other reserves

Other reserves include:

Statutory reserve

In accordance with local requirements, certain subsidiaries within the Group are required to establish a statutory reserve. This reserve is not available for distribution except as stipulated by the companies laws in the respective countries. The Group's statutory reserve represents the sum total of statutory reserves of all limited liability companies consolidated in these consolidated financial statements.

Voluntary reserve

In accordance with certain subsidiaries' articles of association, 10% of net profit for the year can be transferred to voluntary reserve.

18 BANK BORROWINGS

Bank borrowings comprise of:

	2024 USD'000	2023 USD'000
Long term loans (a)	9,988	539,142
Short term loans (b)	394,520	271,041
Bank trust receipts (c)	493,375	299,529
Bank overdrafts (d)	76,074	18,205
Vehicle loans	394	1,086
	<u>974,351</u>	<u>1,129,003</u>
Less: current portion		
- Long term loans	(1,657)	(26,208)
- Short term loans	(394,520)	(271,041)
- Trust receipts	(493,375)	(299,528)
- Bank overdrafts	(76,074)	(18,205)
- Vehicle loans	(331)	(643)
	<u>(965,957)</u>	<u>(615,625)</u>
Non- current portion	<u><u>8,394</u></u>	<u><u>513,378</u></u>

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

18 BANK BORROWINGS (continued)

- a) The long-term loans mainly comprised of the following:
- (i) 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 year ended 31 December 2024 (31 December 2023: a margin between 1.5% to 3.5%). These loans are repayable in various monthly / quarterly instalments.
 - (ii) 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.

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 31 December 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 the year ended 31 December 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 31 December 2024, the total short term loan facilities granted amounted to USD 728 million (31 December 2023: USD 693 million) and the total facilities utilised amounted to USD 395 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 year ended 31 December 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 0.70% to 2.75% for the year ended 31 December 2024 (For the year ended 31 December 2023: 1% to 2.75%). The outstanding balance as at 31 December 2024 amounted to USD 493 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 2.75% for the year ended 31 December 2024 (For the year ended 31 December 2023: 1% to 2.75%).

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

18 BANK BORROWINGS (continued)

- e) As at 31 December 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.
- 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.

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

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

- 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.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

18 BANK BORROWINGS (continued)

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.

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 of all periods presented.

**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 the year ended 31 December 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 9).

f) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<i>1 January 2024 USD '000</i>	<i>Cash flows net USD '000</i>	<i>Currency exchange impact USD '000</i>	<i>Other Non Cash item USD '000</i>	<i>31 December 2024 USD '000</i>
Bank borrowings	1,129,003	379,044	-	(533,696)	974,351
Lease liabilities	2,001,102	(266,843)	(1,374)	166,789	1,899,674
	<i>1 January 2023 USD '000</i>	<i>Cash flows net USD '000</i>	<i>Currency exchange impact USD '000</i>	<i>Other Non Cash item USD '000</i>	<i>31 December 2023 USD '000</i>
Bank borrowings	1,952,927	(823,924)	-	-	1,129,003
Lease liabilities	3,099,137	(336,612)	1,663	(673,086)	2,001,102
Loans from related parties	727,017	(135,798)	-	(591,219)	-

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

19 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

In accordance with the provisions of IAS 19 Employee Benefits, the Group has carried out an exercise to assess the present value of its defined benefit obligation at 31 December 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 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 consolidated statement of financial position and the movements in the employees' defined benefit obligation are as follows:

	2024 USD'000	2023 USD'000
Balance as at the beginning of the year	176,785	169,105
Current service cost	18,849	27,176
Interest cost	9,174	710
	<hr/>	<hr/>
Total amount recognised in profit or loss	28,023	27,886
	<hr/>	<hr/>
Re-measurement loss recognised in other comprehensive income	13,955	91
Benefits paid	(18,085)	(19,553)
Employees' receivable adjusted, net	(1)	88
Transferred to related parties	(1,330)	(634)
Translation adjustment	(935)	33
Transfer to liabilities classified as held for sale (Note 6)	-	(231)
	<hr/>	<hr/>
Balance as at the end of the year	198,412	176,785

- 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 consolidated statement of financial position.
- b) The average duration of benefit obligations as at 31 December 2024 is 5 years (31 December 2023: 5 years).
- c) The average number of employees for the year ended 31 December 2024 is 54,440 (31 December 2023: 52,403).

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

	2024	2023
Discount rate	2.87-30.71%	4-7%
Salary increases rate	3-25%	3-4%
	100% of IALM	100% of IALM
Mortality rate	2012-14	2012-14
Rate of employee turnover	1-15%	1-15%

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

19 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

A quantitative sensitivity analysis for significant assumptions as at reporting date is, as shown below:

	2024 USD'000	2023 USD'000
Assumptions		
<i>Discount rate:</i>		
1% increase	(8,363)	(7,012)
1% decrease	9,240	7,725
<i>Salary increase:</i>		
1% increase	9,311	7,833
1% decrease	(8,578)	(7,233)
<i>Employee turnover rate:</i>		
Increase by 5% of base	2,035	4,224
Decrease by 5% of base	(3,744)	(6,504)

Impact on defined benefit obligation:

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

The plans typically expose the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2024 USD'000	2023 USD'000
Within next 12 months (next annual reporting period)	38,076	35,143
Between 2 and 5 years	93,693	85,496
Beyond 5 years	123,267	106,528

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

20 LEASE LIABILITIES

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

	2024 USD'000	2023 USD'000
Balance as at the beginning of the year	2,001,102	3,099,137
Additions during the year	221,877	268,156
Terminations during the year	(16,737)	(870,964)
Accretion of interest	90,758	134,923
Interest capitalized	2,655	4,672
Payments	(266,843)	(336,612)
Modifications	(131,764)	(117,161)
Reclassified as asset held for sale	-	(182,712)
Translation adjustment	(1,374)	1,663
Balance as at the end of the year	1,899,674	2,001,102
Of which are:		
Current	175,656	173,428
Non-current	1,724,018	1,827,674
	1,899,674	2,001,102

During the year ended 31 December 2024, income from subleasing right-of-use assets amounted to USD 57 million (31 December 2023: USD 51.2 million).

The interest expense includes an amount of USD 2.6 million during the year ended 31 December 2024 (31 December 2023: USD 4.6 million) capitalized to capital work in progress related to land and building that qualify during the period of construction.

The details of the interest expense on lease liabilities:

	2024 USD'000	2023 USD'000
Interest cost	90,758	121,711
Related to discontinued operations	1,999	13,212
	92,757	134,923

The maturity analysis of discounted lease liabilities is as follows:

	2024 USD'000	2023 USD'000
Maturity analysis:		
Not later than 1 year	175,656	173,428
Later than 1 year and not later than 5 years	588,348	624,994
Later than 5 years	1,135,670	1,202,680
	1,899,674	2,001,102

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

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

20 LEASE LIABILITIES (continued)

Sale and lease back

In 2016, the Group entered into a sale and lease back transaction of land, building and related leasehold improvements, furniture and fixtures and equipment in Riyadh Avenue Mall, Kingdom of Saudi Arabia for a lease term of 25 years with a third party. In 2023, the leased back contract has been transferred to a related party effective 1 January 2023. As this is considered a termination of the lease agreement, the carrying value of lease liability has been adjusted against the carrying value of right-of-use assets along with the deferred gain balance, and the difference was recognised as a gain on lease termination.

21 TRADE AND OTHER PAYABLES

	2024 USD'000	2023 USD'000
Trade payables	1,094,878	1,212,732
Accrued expenses	60,344	51,801
Advances from customers and tenants	30,636	18,855
Retention payable	745	914
Refundable deposits from tenants	6,874	4,298
Other payables	116,604	91,424
	<u>1,310,081</u>	<u>1,380,024</u>

The average credit period with the suppliers is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame.

22 REVENUE

Disaggregation of revenue

	2024 USD'000	2023 USD'000
Revenue from sale of goods	7,620,802	7,277,956
	<u>7,620,802</u>	<u>7,277,956</u>

Revenue by timing:

	2024 USD'000	2023 USD'000
Goods transferred at a point in time	7,620,802	7,277,956
	<u>7,620,802</u>	<u>7,277,956</u>

Revenue by region

For the region wise bifurcation of revenue, refer Note 7.

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

23 COST OF REVENUE

	2024 USD'000	2023 USD'000
<i>Cost of revenue relating to sale of goods</i>		
Inventories, at the beginning of the year	1,374,607	1,395,175
Add: Purchases (including direct expenses)	5,954,946	5,582,244
	<u>7,329,553</u>	<u>6,977,419</u>
Less: Inventories, at the end of the year	<u>(1,473,636)</u>	<u>(1,374,607)</u>
Cost of revenue	<u>5,855,917</u>	<u>5,602,812</u>
Others	-	17
	<u>5,855,917</u>	<u>5,602,829</u>

24 OTHER OPERATING INCOME

	2024 USD'000	2023 USD'000
Contribution from vendors Note 24(a)	189,077	152,083
Tenant rentals and commissions Note 24(b)	59,685	54,751
Gain on disposal of property and equipment	636	-
Gain on lease modifications	137	31,364
Others	50,334	34,969
	<u>299,869</u>	<u>273,167</u>

- a) Contribution from vendors includes the following:
- (i) income received from the suppliers for the display of their products in the showroom
 - (ii) store opening contribution and income from other services provided; and
 - (iii) listing fee which represents income received from the suppliers for new products.
- b) Tenant rentals represents rental income from the tenants for the space utilized by them in the showroom.
Tenant commission represents commission on sales made by the tenants.

25 OPERATING EXPENSES

	2024 USD'000	2023 USD'000
Employees' salaries and benefits	713,255	686,093
Depreciation expense (a)	378,773	415,844
Utilities	176,576	167,027
Advertising and sales promotion	40,363	44,827
Repairs and maintenance	42,659	34,611
Rent expenses	137,285	75,451
Credit card commission	38,637	35,179
Office expenses	23,108	20,971
Professional and legal fees	21,205	19,001
Travelling expenses	20,198	18,359
Vehicle expenses	19,108	23,388
Insurance charges	8,812	7,217
Sponsorship fees	6,933	8,496
Gifts and donations	2,423	3,313
Loss allowance	-	111
Others	27,464	20,285
	<u>1,656,799</u>	<u>1,580,173</u>

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

25 OPERATING EXPENSES (continued)

a) The breakdown of depreciation expense is as follows:

	2024 USD'000	2023 USD'000
Depreciation on property and equipment (Note 10(b))	161,937	155,229
Depreciation on right of use assets (Note 11(a))	215,289	259,069
Depreciation on investment properties (Note 12)	1,547	1,546
	<u>378,773</u>	<u>415,844</u>

b) The Company has not made any social contributions during the year ended 31 December 2024 and 2023 respectively.

26 FINANCE COST, NET

	2024 USD'000	2023 USD'000
Interest on bank borrowings	57,912	136,472
Bank charges	11,825	12,297
Interest on lease liabilities	90,758	121,711
Interest on employees defined benefit obligations	9,174	-
Interest income	(294)	(117,077)
	<u>169,375</u>	<u>153,403</u>

27 TAX EXPENSE

The breakdown of tax expense is as follows:

	2024 USD'000	2023 USD'000
Corporation income tax:		
Current income tax charge	31,991	18,702
Adjustment in respect of current income tax of previous year	(204)	971
	<u>31,787</u>	<u>19,673</u>
Deferred tax	(9,482)	3,001
Others	(5)	-
	<u>22,300</u>	<u>22,674</u>

The standard rate of corporation tax applied to UAE reported profits is 9% (2023: Nil).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

27 TAX EXPENSE (continued)

The charge for the year can be reconciled to the profit before tax as follows:

	2024 USD'000	2023 USD'000
Profit before tax related to		
Continuing operations	238,580	214,718
Discontinued operations	32,976	26,263
	<u>271,556</u>	<u>240,981</u>
Tax rate @9% (31 December 2023: 0%)	24,440	-
Effects of different tax rates of subsidiaries operating in other jurisdictions	13,619	29,078
Tax effect of expenses that are not deductible in determining taxable profit	18,703	(12,252)
Adjustment in respect of current income tax of previous years	(204)	971
Utilisation of previously unrecognised tax balance	(4)	(4)
Tax effect of income not taxable in determining taxable profit	(24,381)	-
Change in deferred tax assets/liabilities	(8,211)	-
Others	(1,602)	1,422
Total	<u>22,360</u>	<u>19,215</u>
Income taxes related to :		
Continuing operations	22,300	22,674
Discontinued operations	60	(3,459)
	<u>22,360</u>	<u>19,215</u>

In addition to the amount charged to profit or loss, the following amounts related to tax have been recognised in other comprehensive income.

	2024 USD'000	2023 USD'000
Deferred tax		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Remeasurement of net defined benefit liability	(666)	-
<u>Items that will be reclassified subsequently to profit or loss:</u>		
Fair value gain/(loss) on investments in equity/ debt instruments measured at FVTOCI	(1)	-
Total income tax recognised in other comprehensive income	<u>(667)</u>	<u>-</u>

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

27 TAX EXPENSE (continued)

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

	2024 USD'000	2023 USD'000
UAE	9%	-
Kingdom of Saudi Arabia	20%	20%
Qatar	10%	10%
Oman	15%	15%

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 regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group is subject to the provisions of the UAE CT Law with effect from 1 July 2023, and current taxes have been accounted for as appropriate in the financial statements for the financial year beginning 1 January 2024.

On 6 February 2025, the UAE released the legislation introducing a Domestic Minimum Top-up Tax ("DMTT") for multinational enterprises ("MNEs"), through the publication of Cases, Provisions, Conditions, Rules, Controls, and Procedures on the Imposition of Top-up Tax on Multinational Enterprises which is applicable from 1 January 2025. For the current year, the taxable income of the Group for UAE CT Purposes will be subject to the rate of 9% corporate tax. Based on the management's assessment, it is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% for the financial year ended 31 December 2024.

28 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 31 December 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:

	2024 USD'000	2023 USD'000
Profit attributable to ordinary equity holders of the Parent Company:		
Continuing operations (USD '000)	216,280	192,044
Discontinuing operations (USD '000)	32,916	29,722
Profit attributable to ordinary equity holders of the Parent Company	249,196	221,766

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

28 EARNINGS PER SHARE (EPS) (continued)

Weighted average number of ordinary shares* - basic and diluted ('000)	10,328,905	10,328,905
Basic and diluted EPS (in USD cents per share)	2.41	2.15

*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 period 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.

29 COMMITMENTS AND CONTINGENT LIABILITIES

	2024 USD'000	2023 USD'000
<i>Capital commitments</i>		
Commitments for the purchase of property and equipment	8,528	17,521
<i>Contingent liabilities</i>		
Letters of guarantees and performance bonds (a)	63,368	19,137
Letters of credit (b)	13,787	63,576
Corporate guarantees (Note 9)	-	3,832,227
Acceptances (c)	6,473	3,944
	83,628	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.

30 FINANCIAL INSTRUMENTS

(a) *Material accounting policy information*

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

LULU RETAIL HOLDING PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements
For the year ended 31 December 2024 (continued)

30 FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

	2024 USD'000	2023 USD'000
Financial assets		
<i>At amortised cost:</i>		
Trade receivables (Note 15)	247,482	196,630
Other receivables (Note 15)	24,814	16,448
Tenants' receivable (Note 15)	9,737	10,454
Due from related parties (Note 9)	14,782	2,415,670
Cash and cash equivalents (Note 16)	346,208	277,694
<i>At Fair value through OCI :</i>		
Investments at fair value through other comprehensive income	1,201	1,369
	644,224	2,918,265
Financial liabilities		
<i>At amortised cost:</i>		
Bank borrowings (Note 18)	974,351	1,129,003
Lease liabilities (Note 20)	1,899,674	2,001,102
Due to related parties (Note 9)	33,560	2,325,949
Trade payables (Note 21)	1,094,878	1,212,732
Retention payable (Note 21)	745	914
Refundable deposits from tenants (Note 21)	6,874	4,298
Other payables (Note 21)	116,604	91,424
	4,126,686	6,765,422

(c) 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 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 consolidated statement of financial position. The assets measured at fair value include investments at fair value through other comprehensive income amounting to USD 1.2 million as at 31 December 2024 (31 December 2023: USD 1.37 million) and have been grouped into level 1 at each reporting date.

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

30 FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

Description of valuation techniques used and key inputs to valuation of investment properties:

Properties valued using the Income Approach:

	2024 USD'000	2023 USD'000
Capitalisation rate		
-Term rent	8% to 9.75%	10.50%
-Reversion rent	8.19% to 10.75%	12%
Void rate	5% to 15%	10%
Non recoverable operating costs (on market rent)	10% to 13%	15%
Leasing rate	3% to 5%	3%

Properties valued using the Market Approach:

	2024 USD'000	2023 USD'000
Opex (on rental value)	-%	7.75%
Void rate	-%	-%

Management assessed no material change in the fair value of investment properties as at 31 December 2024.

31 FINANCIAL RISK MANAGEMENT

The Group has set financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management program seeks to minimise potential adverse effects of financial performance of the Group. The management provides principles for overall financial risk management and policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash. Reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. As the main currencies the Group deals with are pegged to the US Dollars, the Group is not exposed to significant foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

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For the year ended 31 December 2024 (continued)

31 FINANCIAL RISK MANAGEMENT (continued)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease/increase by USD 4.87 million (for the year ended 31 December 2023: decrease/increase by USD 5.64 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the decrease in its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposure to outstanding trade receivables and related party receivables. The management of the Group has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy. The Group's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties.

Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Group operates, management, based on past experience and level of risk associated with these transactions, makes an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 15 to the consolidated financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is more than 30 days past due or these has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired
In default	Amount is more than 90 days past due or there is evidence indicating the asset is credit- impaired	Lifetime ECL - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group's maximum exposure to the credit risk arising out of financial assets is the net carrying amounts of the respective financial assets disclosed in the consolidated financial statements.

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For the year ended 31 December 2024 (continued)

31 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has built liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its interest-bearing financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes principal cashflows:

31 December 2024

	<i>Balance as at reporting date USD'000</i>	<i>Total undiscounted contractual cashflow USD'000</i>	<i>0 to 12 months USD'000</i>	<i>1 to 5 Years USD'000</i>	<i>>5 Years USD'000</i>
Interest bearing instruments					
Lease liability (Note 20)	1,899,674	2,538,617	265,625	966,449	1,306,543
Bank borrowings (Note 18)	974,351	976,601	966,742	9,859	-
Non- interest-bearing instruments					
Due to related parties (Note 9)	33,560	33,560	33,560	-	-
Trade payables (Note 21)	1,094,878	1,094,878	1,094,878	-	-
Retention payable (Note 21)	745	745	745	-	-
Refundable deposit from tenants (Note 21)	6,874	6,874	6,874	-	-
Others (Note 21)	116,604	116,604	116,604	-	-

31 December 2023

	<i>Balance as at reporting date USD'000</i>	<i>Total undiscounted contractual cashflow USD'000</i>	<i>0 to 12 months USD'000</i>	<i>1 to 5 Years USD'000</i>	<i>>5 Years USD'000</i>
Interest bearing instruments					
Lease liability (Note 20)	2,001,102	2,848,916	288,408	1,175,914	1,384,594
Bank borrowings (Note 18)	1,129,003	1,386,934	654,912	286,164	445,858
Non- interest-bearing instruments					
Due to related parties (Note 9)	2,325,949	2,325,949	2,325,949	-	-
Trade payables (Note 21)	1,213,732	1,213,732	1,213,732	-	-
Retention payable (Note 21)	914	914	914	-	-
Refundable deposit from tenants (Note 21)	4,298	4,298	4,298	-	-
Others (Note 21)	91,424	91,424	91,424	-	-

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Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

32 CAPITAL MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged over the reporting periods.

The Group also provides funds to and receives funds from related parties as and when required for trading or non-trading purpose. Interest, whenever applicable, is charged or paid at commercial rates.

Debt-equity ratio

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The debt-to-equity ratio at the year-end was as follows:

	2024	2023
	USD'000	USD'000
Debt (i)	2,874,025	3,130,105
Less: Cash and bank balances (Note 16)	(346,208)	(277,694)
Net debt	2,527,817	2,852,411
Equity (ii)	992,856	766,907
Debt to equity ratio	2.55	3.72

- i) Debt includes as bank borrowings (Note 18), loans from related parties (Note 18) and lease liabilities (Note 20).
- ii) Equity includes share capital, capital reserve, other reserves, other equity and retained earnings (accumulated profits net of dividends paid).

33 DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTIONS FOR THE PURPOSE OF CONSOLIDATED STATEMENT OF CASH FLOWS

	2024	2023
	USD'000	USD'000
Issuance of share capital pursuant to the reorganisation	5,164,453	-
Bank borrowings novated to the Parent Company	533,696	-
Loans from related parties, partly settled by an entity under common control of the Parent Company	-	591,219
Dividend declared and adjusted against related party balances	-	245,574
Property and equipment transferred (to)/ from related parties, net	43,394	(365,826)
Investment properties transferred (to)/ from related parties, net	21,331	(6,830)
Net decrease in right of use assets	(1,654)	(793,432)
Net increase/(decrease) in lease liabilities	73,376	(719,971)

LULU RETAIL HOLDINGS PLC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

For the year ended 31 December 2024 (continued)

34 CLIMATE RELATED MATTERS

The Group assesses climate – related factors to track physical and transition risks. Even though climate – related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, which may directly or indirectly impact the consolidated financial statements of the Group.

35 DIVIDEND

No dividends were declared and paid during the year.

Dividends declared by the Group entities during the year ended 31 December 2023 amounted to USD 245,574 thousand.

36 SUBSEQUENT EVENTS

The Board of Directors, in their meeting held on 10 February 2025, proposed a dividend of 0.82 cents (3 fils) per share amounting to USD 84.40 million for the second half of the financial year ended 31 December 2024, subject to shareholder approval at the Annual General Meeting.

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by Board of Directors and authorised for issue on 19 March 2025.