

This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

**OFFER TO SUBSCRIBE FOR SHARES IN A FREE ZONE COMPANY IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY**

**Prospectus for the Public Offering of Shares in**

**Lulu Retail Holdings PLC (the “Company” or “LuLu”)**

***(a public company limited by shares incorporated in the Abu Dhabi Global Market (“ADGM”) and subject to the ADGM Companies Regulations 2020 (as amended))***



**Dated: 21 October 2024**

This is the prospectus (the “**Prospectus**”) for the sale of 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) of the ordinary shares with a nominal value of USD 0.014 each which is equivalent to AED 0.051 representing 25% of the total issued shares in the share capital of the Company (the “**Offer Shares**”), to be sold by the Company’s sole shareholder, Lulu International Holdings Limited (the “**Selling Shareholder**”) in a public subscription in the United Arab Emirates (the “**UAE**”) only. The Selling Shareholder reserves the right to amend the size of the Offering and the size of any Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and upon obtaining the approval of the Securities and Commodities Authority (the “**SCA**” or the “**Authority**”) in the UAE. The offer price will be in AED and it will be determined based on the offer price range (the “**Offer Price Range**”) which will be announced on the same day and before the opening of the Offer Period on 28 October 2024. The Offer Shares will be duly and validly issued as at the date of listing (the “**Listing**”) of the Shares on the Abu Dhabi Securities Exchange (the “**ADX**”) as described in this Prospectus.

**The final offer price (the “Final Offer Price”) and the final offering size (the “Final Offer Size”) will be announced after the closing of the subscription of the Second Tranche.**

**Please refer to the section on the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.**

Except in the UAE only, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable

rules and regulations of any such jurisdiction.

The Company is not subject to UAE Federal Decree by Law No. 32 of 2021 concerning commercial companies (as amended) (the “**UAE Commercial Companies Law**”). The Authority is not responsible for the content of this Prospectus, or the information contained herein. The Company is established in the ADGM and is subject to the ADGM Companies Regulations 2020 (as amended) (the “**Companies Regulations**”) and other applicable rules and regulations in the ADGM. The ADGM Registration Authority is responsible for the supervision and regulation of all public companies incorporated in the ADGM, including the Company, in relation to compliance with the Companies Regulations.

**Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the “Investment Risks” section and the “Important Notice” section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.**

### **Offer Period**

**The Offer period for the First Tranche, the Second Tranche, and the Third Tranche (each as described in this Prospectus) starts on 28 October 2024 and will close on 5 November 2024) for the First Tranche the Second Tranche and the Third Tranche.**

This is the Offering of 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares in the issued share capital of the Company, a public company limited by shares incorporated in the ADGM, which shall offer its shares through the sale of the Offer Shares by the Selling Shareholder in a public offering in the UAE only. The Final Offer Price shall be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by Second Tranche Subscribers.

If all of the Offer Shares are subscribed for and allocated, the Offer Shares will represent 25% of the total issued ordinary shares in the share capital of the Company (this percentage has been calculated based on the total number of Shares in the share capital of the Company). The Selling Shareholder reserves the right to amend the size of the Offering and the size of any Tranche at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws of the UAE and the approval of the SCA. Prior to this Offering, the Shares have not been listed on any financial market and there has been no public market for the Shares. Following the closing of the Offer Period in respect of the First Tranche, the Second Tranche and the Third Tranche, and accepting the subscription for Shares, the Company will apply to list its Shares on the ADX.

Date of SCA’s approval of publishing this Prospectus: 9 October 2024.

**This Prospectus contains data that has been submitted in accordance with the rules for issuance and disclosure issued by the SCA in the UAE and publishing this Prospectus has been approved by the SCA on 9 October 2024. However, the SCA’s approval of publishing this Prospectus does not constitute an endorsement of the feasibility of investment nor a recommendation to subscribe to the Offer Shares; the approval only confirms that this Prospectus contains the minimum information**

**required in accordance with the applicable rules issued by the SCA with respect to prospectuses. The SCA is not responsible for the accuracy, completeness or adequacy of the information contained in this Prospectus and the SCA does not bear any responsibility for any damages or losses incurred by any person as a result of relying on this Prospectus or any part of it. The members of the Company's board of directors, jointly and severally, bear full responsibility regarding the validity of the information and data contained in this Prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable enquiries, that there are no other facts or material information, which were not included in this Prospectus that renders any statement contained therein misleading to the subscribers or which may influence their decision to invest.**

### **Method of offer and sale of the Offer Shares in a public subscription**

The Offer Shares represent 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares, which will be sold by the Selling Shareholder in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers. The Selling Shareholder reserves the right to amend the size of the Offering and the size of any Tranche at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws of the UAE and the approval of the SCA.

In creating the subscription orders ledger, the Offer Shares subscribed by the Second Tranche Subscribers will constitute all of the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Second Tranche must not be less than 60% (sixty per cent), and the subscription percentage of the First Tranche and the Third Tranche must not be more than 40% (forty per cent) of the Offer Shares in aggregate.

If the First Tranche is not subscribed for in full, then the remaining Offer Shares will be allocated to the Second Tranche. If the Third Tranche is not subscribed for in full, then the remaining Offer Shares will be allocated to the Second Tranche. The Receiving Banks commit to refund the oversubscription amounts received from the First Tranche Subscribers and the Third Tranche Subscribers for the Offering and any earned profit on such amounts, one day after the subscription closing until one day prior to the refund to the First Tranche Subscribers and Third Tranche Subscribers, provided that the refund is made within five working days from the date on which all allocations of Offer Shares to successful First Tranche Subscribers and Third Tranche Subscribers are determined.

The Selling Shareholder may not, whether directly or indirectly or through any of its subsidiaries, subscribe for any of the Offer Shares.

### **Book Building Mechanism**

Book building is a mechanism, pursuant to which the price is set prior to the Offering.

The book building process comprises the following steps:

1. The Company and the Selling Shareholder hire one or more investment banks to act as, amongst other things, as lead manager(s) who are licensed by SCA to carry out on behalf of the Company and the Selling Shareholder, the management of the Offering, and to provide advice related to the Offering, and to coordinate with SCA and the Offer Participants and to assist the Company and the Selling Shareholder in determining the price range at which the security can be sold and drafting a prospectus to send out to the investors.
2. The appointed joint lead managers invite certain Professional Investors, normally, but not restricted to, large-scale sophisticated buyers and fund managers (and may invite other Professional Investors), to submit bids on the number of shares that they are interested in buying and the prices that they would be willing to pay for such shares. The Professional Investors' bids are recorded in a register specifically for recording the subscription orders for the shares being offered.
3. The book is 'built' by listing and evaluating the aggregated demand for the shares from the submitted bids. The underwriters analyze the information, and, based on that analysis, determine with the Company and the Selling Shareholder the final price for the shares, which is termed the Final Offer Price.
4. Shares for submitted bids pertaining to the Second Tranche are then allocated among the accepted bidders, at the discretion of the Company and the Selling Shareholder.

### **Listing Advisor**

Abu Dhabi Commercial Bank PJSC has been appointed to be the Listing Advisor of the Company (in accordance with the requirements for that role as described in Article 33 (second) (14) of the Offering Regulations) for a period of twelve (12) months from the date of Listing. Such duration may be extended by the ADX as it deems appropriate, subject to its consultation with the Company at least (3) three months before the end of the duration of its appointment.

A list of further definitions and abbreviations is provided in the “**Definitions and Abbreviations**” Section of this Prospectus.

## Tranche Structure

### A. *First Tranche*

The First Tranche offer will be made pursuant to this Prospectus which amounts to 258,222,634 (two hundred fifty eight million two hundred twenty two thousand six hundred thirty four) Shares representing 10% of the Offer Shares which are allocated to the First Tranche Subscribers. Each Subscriber in the First Tranche other than the Eligible Employees (as defined below) will be guaranteed a minimum allocation of 1,000 Shares, and each Eligible Employee will be guaranteed a minimum allocation of 2,000 Shares (the “**Minimum Guaranteed Allocation**”). The Minimum Guaranteed Allocation is subject to the total number of shares issued under the Minimum Guaranteed Allocation not exceeding the Tranche size, subject to the limits and conditions set out in this Prospectus. The First Tranche is restricted to the following persons:

- ***Individual Subscribers***

Natural persons (including natural persons constituting Assessed Professional Investors who do not participate in the Second Tranche) who have a bank account and hold a National Investor Number (“**NIN**”) with the ADX (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the “**US Securities Act**”). There are no citizenship or residence requirements in order to qualify as an Individual Subscriber.

Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- ***Other investors***

Other investors (companies and establishments) who do not participate in the Second Tranche and who have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act).

- ***Eligible Employees***

Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche)), who have a bank account and do not participate in the Second Tranche and the Third Tranche and who are Eligible Employees of the Group and whose details with ADX NINs have been shared by the Company with the Joint Lead Receiving Banks on or before 1 November 2024 (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).

The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche

and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

If all of the Offer Shares in the First Tranche are not fully subscribed, then the unsubscribed Offer Shares will be made available to Second Tranche or alternatively (in consultation with the SCA) the Selling Shareholder may (i) extend the Closing Date for all Tranches; and/or (ii) close the Offering at the level of applications received.

The minimum application size for First Tranche Subscribers is AED 5,000 (five thousand UAE dirhams) with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams).

There is no maximum application size for this Tranche.

Every Subscriber must hold an NIN with the ADX and a bank account number in order to be eligible to apply for the Offer Shares. Subscribers may apply for Offer Shares in one Tranche only. In the event a person applies in more than one Tranche, the Joint Lead Receiving Banks and the Joint Lead Managers may disregard one or both of such applications in consultation with the Company.

## B. **Second Tranche**

The Second Tranche offer that will be made pursuant to this Prospectus and the Second Tranche Document (as defined below) amount to 2,298,181,441 (two billion two hundred ninety eight million one hundred eighty one thousand four hundred forty one) Shares representing 89% of the Offer Shares which is restricted to the Second Tranche Subscribers as described below.

It is restricted to “**Professional Investors**” (as defined in the SCA Board of Directors’ Chairman Decision No.13/R.M of 2021 (as amended from time to time)), which specifically include those investors which can be categorised in the following manner:

- **“Deemed Professional Investors” which include:**
  - a. international corporations and organisations whose members are state, central banks or national monetary authorities;
  - b. governments, government institutions, their investment and non-investment bodies and companies wholly owned by them;
  - c. central banks or national monetary authorities in any country, state or legal authority;
  - d. capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA;
  - e. financial institutions;
  - f. regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds;

- g. any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions;
  - h. any company whose shares are listed or accepted to trade in any market of an IOSCO member country;
  - i. a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 or more;
  - j. licensed family offices with assets of AED 15,000,000 or more;
  - k. joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 or more (excluding partner and shareholder loans);
  - l. a body corporate who fulfils (on the date of its last financial statements) a “large undertaking” test, whereby it fulfils at least two of the following requirements:
    - (i) holds total assets of AED 75,000,000 or more (excluding short-term liabilities and long-term liabilities);
    - (ii) has a net annual revenue of AED 150,000,000 or more; or
    - (iii) has an aggregate total of cash and investments on its balance sheet of, or its total equity (after deducting paid up share capital) is, not less than AED 7,000,000.
- **“Service-Based Professional Investors”, which include:**
    - a. **Any person conducting an activity involving the provision of credit facilities for commercial purposes for:**
      - (i) an undertaking;
      - (ii) a person in control of an undertaking;
      - (iii) any member of the group to which the undertaking belongs; or
      - (iv) any joint investment venture in which the undertaking is a partner.
    - b. **A person conducting credit facility and investment deal arrangement services in connection with structuring, financing, and companies.**
  - **“Assessed Professional Investors” which include:**
    - a. **a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (a “HNWI”);**
      - (A) **a natural person who is:**
        - (i) approved by the SCA or a similar supervisory authority;

- (ii) an employee of a licensed entity or a regulated financial institution who has been employed for the past two years;
  - (iii) assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or
  - (iv) represented by an entity licensed by the SCA.
- b. a natural person (the “account participant”) with a joint account for investment management with a HNWI (the “main account holder”), provided that each of the following conditions are satisfied:**
- (i) the account participant must be an immediate or second degree relative of the main account holder;
  - (ii) the account is used to manage the investments of the main account holder and their subscribers; and
  - (iii) written confirmation is obtained from the subscriber (i.e. the account participant) confirming that investment decisions relating to the joint investment account are made on their behalf by the main account holder.
- c. special purpose vehicles and trusts established for the purpose of managing an investment portfolio of assets for a HNWI;**
- d. an undertaking which:**
- (i) maintains an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 4,000,000; and
  - (ii) has sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment).
- e. an undertaking which:**
- (i) it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or possesses the ability to appoint or remove the majority of the relevant undertaking’s board of directors),
  - (ii) a holding or subsidiary company or  
    - a joint venture partner that meets the definition of a Deemed Professional Investor or an Assessed Professional Investor,

Who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons) and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S under the US Securities Act; (b) a person in the DIFC



to whom an offer can be made in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook, and made only to persons who meet the “Deemed Professional Client” criteria set out in the Conduct of Business (COB) Module of the DFSA Rulebook and who are not natural persons; or (c) a person in the ADGM to whom an offer can be made in accordance with the Financial Services Regulatory Authority (the “**FSRA**”) Financial Services and Markets Regulations (the “**FSMR**”) and the FSRA Market Rules and made only to persons who are Professional Clients’ as defined in the ADGM Conduct of Business Rulebook.

All Second Tranche Subscribers must hold an NIN with the ADX and a bank account.

If all of the Offer Shares in the Second Tranche are not fully subscribed, the Offer will be withdrawn.

The Selling Shareholder reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

The minimum application size for the Second Tranche Subscribers is AED 5,000,000 (five million UAE dirhams).

There is no maximum application size in this Tranche.

### C. **Third Tranche**

The Third Tranche will be made pursuant to this Prospectus, which amount to 25,822,263 (twenty five million eight hundred twenty two thousand two hundred sixty three) Shares representing 1% of the Offer Shares which are allocated to the Third Tranche Subscribers and restricted to the following:

#### **Third Tranche Subscribers:**

Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche)), who have a bank account and do not participate in the First Tranche or the Second Tranche who qualify as Senior Executives of the Group and whose details have been shared by the Company with the Joint Lead Receiving Banks on or before 1 November 2024 (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).

If all of the Offer Shares in the Third Tranche are not fully subscribed for, the unsubscribed Offer Shares will be available to the Second Tranche.

The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the

Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

The minimum application size for Third Tranche Subscribers is AED 50,000 (fifty thousand) UAE dirhams with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams).

There is no maximum application size for subscribers in this Tranche.

The approval of the SCA has been obtained for publication of this Prospectus for the sale of the Offer Shares in a public subscription in the UAE only (outside the ADGM and DIFC). Other than in the ADGM, the Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the SCA on 9 October 2024.

A copy of the Offering document for the Second Tranche (in English only), referred to as the Second Tranche Document which was not sighted or endorsed by the SCA, will be available on [www.luluretail.com](http://www.luluretail.com) / [www.luluretail.com/ipo/](http://www.luluretail.com/ipo/). No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

**Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the (“Investment Risks”) section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.**

This Prospectus was issued on 21 October 2024

This Prospectus is available on the website of the Company at

[www.luluretail.com](http://www.luluretail.com) / [www.luluretail.com/ipo/](http://www.luluretail.com/ipo/)

## **Name and Contact Details of the Offer Participants**

### ***JOINT LEAD MANAGERS***

#### ***Abu Dhabi Commercial Bank PJSC***

ADCB Head office  
Shk Zayed 1st Street  
P.O Box 939  
Abu Dhabi, United Arab Emirates  
Tel: +971 6 005 02030

#### ***Emirates NBD Capital PSC***

1<sup>st</sup> Floor, Emirates NBD Head Office Building  
Baniyas Road, Deira  
P.O Box 2336  
Dubai, United Arab Emirates  
Tel: +971 4 201 2940

#### ***First Abu Dhabi Bank PJSC***

FAB Building  
Khalifa Business Park – Al Qurm District  
P.O. Box 6316  
Abu Dhabi, United Arab Emirates  
Tel: +971 2 6161 800

#### ***HSBC Bank Middle East Limited***

HSBC Tower, Floor 18, Downtown Dubai  
P.O. Box 66  
Dubai, United Arab Emirates  
Tel: +971 6 005 67004

#### ***EFG HERMES UAE LLC***

Office 106, The Offices 3  
One Central, DWTC  
P.O. Box 112736  
Dubai, United Arab Emirates  
Tel: 0097143069449

### ***JOINT LEAD RECEIVING BANKS***

#### ***Abu Dhabi Commercial Bank PJSC***

ADCB Head office  
Shk Zayed 1st Street  
P.O Box 939  
Abu Dhabi, United Arab Emirates  
Tel: +971 6 005 02030

#### ***First Abu Dhabi Bank PJSC***

FAB Building  
Khalifa Business Park – Al Qurm District  
P.O. Box 6316  
Abu Dhabi, United Arab Emirates  
Tel: +971 2 616 1800

### ***RECEIVING BANKS***

As per the list of banks attached in Annex (3) to this Prospectus.

***Listing Advisor***

***Abu Dhabi Commercial Bank PJSC***

ADCB Head office

Shk Zayed 1st Street

P.O Box 939

Abu Dhabi, United Arab Emirates

Tel: +971 6 005 02030

***IPO SUBSCRIPTION LEGAL COUNSEL***

***Legal advisor to the Company as to  
English, US and ADGM laws***

***White & Case LLP***

ICD Brookfield Place – Level 8 Reception,  
Al Mustaqbal St.

Dubai International Financial Centre

P.O. Box 9705

Dubai, United Arab Emirates

***Legal advisor to the Company as to UAE laws  
and ADGM laws***

***IBRAHIM .N. PARTNERS***

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P.O. Box 5100746

Abu Dhabi, United Arab Emirates

***Legal advisor to the Joint Lead Managers as to ADGM, English, UAE and US law***

***Clifford Chance LLP***

ICD Brookfield Place, Level 32

Dubai International Financial Centre

P.O. Box 9380

Dubai, United Arab Emirates

***Clifford Chance LLP***

10 Upper Bank Street

E14 5JJ, London

United Kingdom

***INDEPENDENT AUDITORS TO THE COMPANY***

***Deloitte & Touche (M.E.) LLP***

Al Sila Tower, 11th Floor

Abu Dhabi Global Market Square

P.O. Box 990

Abu Dhabi, United Arab Emirates

Tel: +971 2 408 2424

***IPO Subscription Auditor***

**Deloitte & Touche (M.E.) LLP**

Al Sila Tower, 11th Floor  
Abu Dhabi Global Market Square  
P.O. Box 990  
Abu Dhabi, United Arab Emirates  
Tel: +971 2 408 2424

***Investor Relations***

**Nidhin Jose**

Email: [investor.relations@ae.lulumea.com](mailto:investor.relations@ae.lulumea.com)  
Address: 2405, 24, Al Sila Towers, Abu Dhabi Global Market Square  
Al Maryah Island, Abu Dhabi, United Arab Emirates.  
Tel: +971 2 418 2000

This Prospectus is available on the website of the Company at [www.luluretail.com](http://www.luluretail.com/) /  
[www.luluretail.com/ipo/](http://www.luluretail.com/ipo/)

The publication of this Prospectus was approved on 9 October 2024

## IMPORTANT NOTICE

### (To be carefully read by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this Prospectus in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, Section 8 (“**Investment Risks**”), and the (“**Financial Disclosures**”) section as well as the Articles of Association of the Company, when considering making an investment in the Company.
- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some of their investment or all of it.
- Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than to consider whether or not to apply for Offer Shares under the First Tranche and the Third Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.
- The contents of this Prospectus should not be construed as legal, financial or tax advice.
- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the SCA and informing the public of such revision or addition by publication in two daily newspapers in accordance with the rules issued by the SCA. The Selling Shareholder reserves the right to cancel the Offering at any time and at its sole discretion with the prior written approval of the SCA.
- The Offer Shares are being offered for sale under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).
- This Prospectus is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE (including the ADGM and the DIFC). The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the ADGM.

- If the Offer Shares are offered in another jurisdiction outside the UAE, the Offer Shares shall be offered in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.
- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the FSRA Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.
- The Offering has not been approved or licensed by the FSRA or DFSA and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.
- The publication of this Prospectus has been approved by the SCA. The SCA's approval of the publication of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to the prospectus and issued by the SCA have been met. The SCA and the ADX shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

**This Prospectus was approved on 9 October 2024.**

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Historical financial information

The historical financial information presented in this Prospectus is based on the audited consolidated financial statements of Lulu Retail Holdings PLC and its subsidiaries (together, the “**Group**”) as at and for the three-month periods ended 31 March 2024 and 2023 and years ended 31 December 2023, 2022 and 2021 (the “**Annual Financial Statements**”) and the reviewed condensed interim financial statements for the six-month period ended 30 June 2024 of the Group (the “**Interim Financial Statements**”) (together, referred to as the “**Financial Statements**”).

### Currency presentation

Unless otherwise indicated, all references in this Prospectus to:

- “**UAE dirham**” or “**AED**” are to the lawful currency of the United Arab Emirates; and
- “**US dollar**” or “**USD**” are to the lawful currency of the United States of America.

The value of UAE dirhams has been pegged to US dollar at a rate of AED 3.6725 per USD 1.00 since 1997. All AED/USD conversions in this Prospectus have been calculated at this rate.

The value of SAR has been pegged to USD dollar at a rate of SAR 3.75 per USD 1.00 since 1986. All SAR/USD conversions in this Prospectus have been calculated at this rate.

### Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.



## FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “would”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “targets”, “predicts”, “continues”, “assumes”, “positioned”, “anticipates”, “potential” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts as of the date of this Prospectus involve predictions. No assurance can be given that such future results will be achieved.

There is no obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so: (i) as a result of an important change with respect to a material point in this Prospectus; or (ii) by applicable laws of the UAE.

Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to Section 8 (“**Investment Risks**”) for further information.

## IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering an investment in the Offer Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "**Investment Risks**") as well as the Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorized to give any information or to make any representation or warranty in connection with the Offer or Offer Shares which is not contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorized by the Company, the Selling Shareholder, or the other Offer Participants. By applying for Offer Shares, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorized by the Company, the Selling Shareholder, any other Offer Participant, the Joint Lead Managers, the Joint Bookrunners or any other of the Company's advisors (collectively, the "**Advisors**").

No person or Advisor, except the Joint Lead Managers and the Receiving Banks set out on pages 11, 12 and 13 are participating in, receiving subscription funds from, or managing, the public offering of the Offer Shares in the UAE. Neither HSBC Bank Middle East Limited nor any of its respective affiliates is responsible for participating in marketing or managing any aspect of the Offering to natural persons (including natural persons constituting Assessed Professional Investors) who do not participate in the Second Tranche.

Neither the content of the Company's website or any other website referred to in the Prospectus, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Selling Shareholder, any other Offer Participant, nor the Advisors bears or accepts any responsibility for the contents of such websites.

None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors or any of their respective representatives accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offer or the Offer Shares. None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors or any of their respective representatives

makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors or any of their respective representatives warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some prior time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

Certain of the Group's financing arrangements are Shariah-compliant and references in relation thereto in this Prospectus to "interest", "lender", "borrower", "repayment", "loans", "borrowings" or similar non-Shariah compliant terms in relation thereto should be interpreted as references to "profit", "rental", "finance costs", "financier", "obligor", "payment", "financings", etc. as applicable.

This Prospectus will not be subject to revision, unless the prior written approval of the SCA is received. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Selling Shareholder reserves the right, with the prior approval of the SCA, to withdraw the Prospectus and cancel the Offer at any time and in its sole discretion. If the Offer is withdrawn, the subscription amounts will be fully refunded to the Subscribers, along with any earned profits resulting thereon. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

Abu Dhabi Commercial Bank PJSC has been appointed as listing advisor ("**Listing Advisor**") and Abu Dhabi Commercial Bank PJSC, Emirates NBD Capital PSC First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and EFG Hermes UAE LLC have been appointed as joint lead managers (the "**Joint Lead Managers**"), each of whom is licensed by the SCA on 27 October 2021, 10 October 2018, 5 November 2017, 29 November 2017, and 5 November 2017 respectively, and will manage the issuance, marketing and promotion of the Offer Shares in the UAE and coordinate with the Company, the SCA and the other Offer participants with regard to the Offering of the Offer Shares in the UAE. Abu Dhabi Commercial Bank PJSC and First Abu Dhabi Bank PJSC have also been appointed as the joint lead receiving banks (the "**Joint Lead Receiving Banks**") and, in their capacity as such, they are responsible for receiving the subscription amounts set out in this Prospectus in accordance with the rules and laws applicable in and within the UAE.

Abu Dhabi Commercial Bank PJSC, Emirates NBD Capital PSC, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and EFG Hermes UAE LLC and other regional and international investment banks have been appointed as joint bookrunners (the "**Joint Bookrunners**") in connection with the Offering. Neither HSBC Bank Middle East Limited nor any of its affiliates are participating in receiving the subscription funds or bookrunning or otherwise participating in or managing any aspect of the Offering to natural persons (including natural persons constituting Assessed Professional Investors who do not participate in the

Second Tranche).

The Joint Lead Managers and the Joint Bookrunners are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client to any of the Offer Participants in relation to the Offer. The Selling Shareholder and the Board members shall be liable, with regard to the completeness and accuracy of the information contained in this Prospectus. Whereas the Advisors and the Offer Participants and their representatives shall act with due care, and each of them shall be liable to perform his duties.

The Joint Lead Managers and the Joint Bookrunners may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholder for which they would have received customary fees. Any previous transactions between the Joint Lead Managers and the Joint Bookrunners and the Company do not constitute any conflict of interest between them.

The Board members of the Company whose names are set out in this Prospectus assume joint and several responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that they have carried out appropriate due diligence investigations, that the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the SCA.

In making an investment decision, each potential Subscriber must rely on its own examination and analysis, having reviewed the information contained in the Prospectus (in its entirety).

No action has been taken or will be taken in any jurisdiction other than the UAE that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus, or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where any action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE (including the ADGM and the DIFC), and whether such offer or solicitation was made orally or in writing, including by way of electronic mail. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors (or their respective representatives) makes any representation to any potential

Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

The Internal Sharia Supervision Committee of Emirates NBD Bank P.J.S.C. have issued a Shariah pronouncement confirming that, in their view, the Offering is compliant with Shariah principles. Investors should undertake their own due diligence to ensure that the Offering is Shariah compliant for their own purposes.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Joint Lead Managers and the Joint Bookrunners under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accepts any responsibility whatsoever or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offering and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accordingly disclaims any and all responsibility or liability whatsoever which it might otherwise have in respect of this Prospectus or any such statement or the public offering of the Offer Shares in the UAE. The Board of Directors named in this Prospectus are individually and jointly responsible for the accuracy, completeness and correctness of the content of this Prospectus. They acknowledge that, having carried out due diligence investigations, the information contained in this Prospectus as at the date of issue is factual, accurate, complete, and correct and that no information has been omitted which would make any statement in this Prospectus misleading. The Selling Shareholder and the Board of Directors assume responsibility for the completeness and accuracy of the information contained in this Prospectus. The Offer Participants and the advisors and their respective representatives are required to exercise due care and each of them shall be liable to perform his duties.

The publication of the Prospectus was approved by the SCA on 9 October 2024.

## Definitions and Abbreviations

<i>ADGM</i>	Abu Dhabi Global Market.
<i>ADGM Registration Authority</i>	The authority responsible for the registration, incorporation, and licensing of legal entities in the ADGM.
<i>ADX</i>	Abu Dhabi Securities Exchange in the UAE.
<i>AED or UAE Dirham</i>	The lawful currency of the UAE.
<i>Annual Financial Statements</i>	The audited consolidated financial statements of the Group as at and for the three-month periods ended 31 March 2024 and 2023 and years ended 31 December 2023, 2022 and 2021.
<i>Articles of Association</i>	The articles of association of the Company as set out in Annex (2).
<i>Board or Board of Directors</i>	The board of directors of the Company.
<i>Closing Date</i>	5 November 2024 for the First Tranche, the Second Tranche and the Third Tranche.
<i>Companies Regulations</i>	ADGM Companies Regulations 2020 (as amended).
<i>Company</i>	Lulu Retail Holdings PLC, a public company limited by shares incorporated in the ADGM pursuant to the Companies Regulations.
<i>DFSA</i>	Dubai Financial Services Authority in the UAE.
<i>DIFC</i>	Dubai International Financial Centre.
<i>Directors</i>	The Executive Directors and the Non-Executive Directors.
<i>Electronic Applications</i>	Applications via online banking / mobile banking / FTS and ATMs as provided by the Receiving Banks and ADX to the Subscribers of the First Tranche.
<i>Eligible Employees</i>	Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche)), who have a bank account and do not participate in the Second Tranche and the Third Tranche and who are Eligible Employees of the Group and whose details with ADX NINs have been shared by the Company with the Joint Lead Receiving Banks on or before 1 November 2024 (except for any person

	who is resident in the United States within the meaning of the US Securities Act, as amended).
<i>ESG</i>	Environmental, Social and Governance.
<i>Executive Directors</i>	The executive directors of the Company.
<i>Final Offer Price</i>	<p>The offer price at which all the Subscribers in the First Tranche, the Second Tranche and the Third Tranche will purchase each Offer Share will be at the Final Offer Price.</p> <p>The Final Offer Price of each Offer Share will be determined following a book build process for the Second Tranche and following consultation between the Joint Lead Managers, the Selling Shareholder and the Company.</p> <p>The Offer Shares of the Second Tranche must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share.</p> <p>Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price (the “<b>Offer Price Announcement</b>”) on the Company’s website at <a href="http://www.luluretail.com">www.luluretail.com</a> / microsite: <a href="http://www.luluretail.com/ipo/">www.luluretail.com/ipo/</a>.</p>
<i>Financial Statements</i>	The Annual Financial Statements and the Interim Financial Statements.
<i>Financial year</i>	The financial year of the Company starts on 1 January and ends on 31 December of each year.
<i>First Tranche</i>	The Offering of the Offer Shares in the UAE to the First Tranche Subscribers.
<i>First Tranche Subscribers</i>	Individual Subscribers, other investors and Eligible Employees (including natural persons, companies and establishments) in the First Tranche who do not participate in the Second Tranche or the Third Tranche and who hold an NIN with the ADX and have a bank account.
<i>FSMR Regulations</i>	Financial Services and Markets Regulations.
<i>FSRA</i>	ADGM Financial Services Regulatory Authority.
<i>FTS Fund Transfer Mode</i>	UAE Central Bank Fund Transfer (“ <b>FTS</b> ”) mode.
<i>GCC</i>	Gulf Cooperation Council countries comprising the UAE, KSA, Sultanate of Oman, State of Qatar, State of Kuwait and Kingdom of Bahrain.

<i>Governance Rules</i>	The Chairman of the SCA's Board of Directors' Decision No. (3/R.M) of 2020 Concerning Approval of Joint Stock Companies Governance Guide (as amended from time to time).
<i>Group, our, us or we</i>	The Company and its subsidiaries.
<i>IFRS</i>	International Financial Reporting Standards.
<i>Individual Subscribers</i>	Natural persons who hold a NIN with the ADX and have a bank account (including natural persons constituting Assessed Professional Investors who do not participate in the Second Tranche). There is no other citizenship or residence requirement.
<i>Interim Financial Statements</i>	The reviewed condensed interim financial statements for the six-month period ended 30 June 2024 of the Group.
<i>Joint Bookrunners</i>	Abu Dhabi Commercial Bank PJSC, Emirates NBD Capital PSC, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and EFG Hermes UAE LLC and other regional and international investment banks have been appointed as joint bookrunners.
<i>Joint Lead Managers</i>	Abu Dhabi Commercial Bank PJSC; Emirates NBD Capital PSC; First Abu Dhabi Bank PJSC; HSBC Bank Middle East Limited; and EFG Hermes UAE LLC.
<i>Joint Lead Receiving Banks</i>	Abu Dhabi Commercial Bank PJSC and First Abu Dhabi Bank PJSC.
<i>Listing</i>	The listing of the Shares to trading on the ADX. Following the closing of the subscription and the allocation to successful Subscribers, the Company will apply to list all of its Shares on the ADX.  Trading in the Shares on the ADX will be effected through the ADX Share Registry.
<i>Listing Advisor</i>	Abu Dhabi Commercial Bank PJSC.
<i>Manager's Cheque</i>	Certified bank cheque drawn on a bank licensed and operating in the UAE.



<i>Maximum Subscription</i>	No maximum subscription for Subscribers in the First Tranche, Second Tranche and the Third Tranche has been set.
<i>MENA</i>	Middle East and North Africa.
<i>Minimum Subscription</i>	<p>For the First Tranche, the minimum subscription for Offer Shares has been set at AED 5,000 (five thousand UAE dirhams), with any additional investment to be made in increments of at least AED 1,000 (one thousand UAE dirhams).</p> <p>For the Second Tranche, the minimum subscription for Offer Shares has been set at AED 5,000,000 (five million UAE dirhams).</p> <p>For the Third Tranche, the minimum subscription for Offer Shares has been set at AED 50,000 (fifty thousand UAE dirhams) with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams).</p> <p>(see the section on (“<b>Subscription Amounts</b>”) in the first section of this Prospectus for further details).</p>
<i>NIN</i>	A national investor number that a Subscriber must obtain from the ADX for the purposes of subscription in the UAE.
<i>Non-Executive Directors</i>	The non-executive Directors of the Company.
<i>Offering Participants or Offer Participants</i>	The entities listed on pages 11, 12 and 13 of this Prospectus.
<i>Offer Period</i>	The subscription period for the First Tranche, the Second Tranche and the Third Tranche starts on 28 October 2024 and will close on 5 November 2024.
<i>Offer Price Range</i>	The Offer Shares are being offered at an offer price range in AED that will be published on the first day and before opening of the Offer Period.
<i>Offer Shares</i>	<p>2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares (representing 25% of the total issued shares in the Company) which are being offered for sale by the Selling Shareholder which is divided as follows:</p> <ul style="list-style-type: none"> <li>• First Tranche which amounts to 258,222,634 (two hundred fifty eight million two hundred twenty two thousand six hundred thirty four) Shares representing 10% of the Offer Shares;</li> </ul>

	<ul style="list-style-type: none"> <li>• Second Tranche which amounts to 2,298,181,441 (two billion two hundred ninety eight million one hundred eighty one thousand four hundred forty one) Shares representing 89% of the Offer Shares; and</li> <li>• Third Tranche which amounts to 25,822,263 (twenty five million eight hundred twenty two thousand two hundred sixty three) Shares representing 1% of the Offer Shares.</li> </ul>
<i>Offer or Offering</i>	<p>The public subscription of 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares (representing 25% of the total issued shares in the Company) which are being offered for sale by the Selling Shareholder.</p> <p>The Selling Shareholder reserves the right to amend the size of any Tranche at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws and the approval of the SCA.</p>
<i>Offering Regulations</i>	SCA Chairman of the Board Resolution No. (11/R.M) of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock Companies, as amended.
<i>Professional Client</i>	Persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.
<i>Professional Investors</i>	<p>Subscribers of the Second Tranche as defined in the SCA Board of Directors' Chairman Decision No.(13/R.M) of 2021 (as amended from time to time), which specifically include those investors which can be categorized in the following manner:</p> <ul style="list-style-type: none"> <li>• <b><i>“Deemed Professional Investors” which include:</i></b> <ol style="list-style-type: none"> <li>a. international corporations and organisations whose members are state, central banks or national monetary authorities;</li> <li>b. governments, government institutions, their investment and non-investment bodies and companies wholly owned by them;</li> <li>c. central banks or national monetary authorities in any country, state or legal authority;</li> <li>d. capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA;</li> </ol> </li> </ul>

	<p>e. financial institutions;</p> <p>f. regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds;</p> <p>g. any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions;</p> <p>h. any company whose shares are listed or accepted to trade in any market of an IOSCO member country;</p> <p>i. a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 or more;</p> <p>j. licensed family offices with assets of AED 15,000,000 or more;</p> <p>k. joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 or more (excluding partner and shareholder loans);</p> <p>l. a body corporate who fulfils (on the date of its last financial statements) a “large undertaking” test, whereby it fulfils at least two of the following requirements:</p> <ul style="list-style-type: none"> <li>(i) holds total assets of AED 75,000,000 or more (excluding short-term liabilities and long-term liabilities);</li> <li>(ii) has a net annual revenue of AED 150,000,000 or more; or</li> <li>(iii) has an aggregate total of cash and investments on its balance sheet of, or its total equity (after deducting paid up share capital), is not less than AED 7,000,000.</li> </ul> <ul style="list-style-type: none"> <li>• <b><i>“Service-Based Professional Investors”, which include:</i></b></li> </ul> <p>c. <b>Any person conducting an activity involving the provision of credit facilities for commercial purposes for:</b></p> <ul style="list-style-type: none"> <li>(i) an undertaking;</li> <li>(ii) a person in control of an undertaking;</li> </ul>
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	<p>(iii) any member of the group to which the undertaking belongs; or</p> <p>(iv) any joint investment venture in which the undertaking is a partner.</p> <p><b>d. A person conducting credit facility and investment deal arrangement services in connection with structuring, financing, and companies.</b></p> <ul style="list-style-type: none"> <li>• <b><i>“Assessed Professional Investors” which include:</i></b></li> </ul> <p><b>f. a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (a “HNWI”);</b></p> <p>(B) <b>a natural person</b> who is:</p> <ul style="list-style-type: none"> <li>(i) approved by the SCA or a similar supervisory authority;</li> <li>(ii) an employee of a licensed entity or a regulated financial institution who has been employed for the past two years;</li> <li>(iii) assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or</li> <li>(iv) represented by an entity licensed by the SCA.</li> </ul> <p><b>g. a natural person (the “account participant”) with a joint account for investment management with a HNWI (the “main account holder”), provided that each of the following conditions are satisfied:</b></p> <ul style="list-style-type: none"> <li>(i) the account participant must be an immediate or second degree relative of the main account holder;</li> <li>(ii) the account is used to manage the investments of the main account holder and their subscribers; and</li> <li>(iii) written confirmation is obtained from the subscriber (i.e. the account participant) confirming that investment decisions relating to the joint investment account are made on their behalf by the main account holder.</li> </ul>
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	<p><b>h. special purpose vehicles and trusts established for the purpose of managing an investment portfolio of assets for a HNWI;</b></p> <p><b>i. an undertaking which:</b></p> <ul style="list-style-type: none"> <li>i. maintains an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 4,000,000; and</li> <li>ii. has sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment).</li> </ul> <p><b>j. an undertaking which:</b></p> <ul style="list-style-type: none"> <li>(i) it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or possesses the ability to appoint or remove the majority of the relevant undertaking's board of directors),</li> <li>(ii) a holding or subsidiary company or</li> <li>(iii) a joint venture partner that meets the definition of a Deemed Professional Investor or an Assessed Professional Investor,</li> </ul> <p>who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons) and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S; (b) a person in the DIFC to whom an offer can be made in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook, and made only to persons who meet the "Deemed Professional Client" criteria set out in the Conduct of Business (COB) Module of the DFSA Rulebook and who are not natural persons; or (c) a person in the ADGM to whom an offer can be made in accordance with the FSMR and the FSRA Market Rules and made only to persons who are Professional Clients' as defined in the ADGM Conduct of Business Rulebook.</p>
<i>Receiving Banks</i>	The list of Receiving Banks attached in Annex 3 of this Prospectus.
<i>Regulation S</i>	Regulation S under the US Securities Act.

<i>Second Tranche</i>	The offer of Offer Shares to Second Tranche Subscribers made under the Second Tranche Document and this Prospectus.
<i>Second Tranche Document</i>	<p>The offer document has been drafted in a specific manner to be addressed only to Professional Investors and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the SCA, and the offer document does not form part of this Prospectus and the information contained therein does not form part of this Prospectus.</p> <p>This offer document for the Second Tranche which will be available at <a href="http://www.luluretail.com">www.luluretail.com</a> / <a href="http://www.luluretail.com/ipo/">www.luluretail.com/ipo/</a>.</p>
<i>Second Tranche Subscribers</i>	Professional Investors.
<i>Selling Shareholder</i>	Lulu International Holdings Limited, a private company limited by shares incorporated in the ADGM pursuant to the Companies Regulations.
<i>Senior Executives</i>	Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche)), who have a bank account and do not participate in the First Tranche or the Second Tranche who qualify as Senior Executives of the Group and whose details have been shared by the Company with the Joint Lead Receiving Banks on or before 1 November 2024 (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).
<i>Shareholder</i>	Any holder of Shares.
<i>Shares</i>	The ordinary shares of the Company, each with a nominal value of USD 0.014 each (which is equivalent to AED 0.051).
<i>SMS</i>	Short Message Service.
<i>Subscriber</i>	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares.
<i>Third Tranche</i>	The Offering of the Offer Shares in the UAE to the Third Tranche Subscribers.
<i>Third Tranche Subscribers</i>	Senior Executives.

<i>Tranche</i>	The First Tranche or the Second Tranche or the Third Tranche.
<i>UAE</i>	United Arab Emirates.
<i>SCA</i>	The Securities and Commodities Authority of the UAE.
<i>UAE Central Bank</i>	The central bank of the UAE.
<i>UK</i>	The United Kingdom of Great Britain and Northern Ireland.
<i>Underwriting Agreement</i>	The underwriting agreement among the Company, the Selling Shareholder, and the Joint Bookrunners.
<i>United States or US</i>	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia.
<i>U.S. Foreign Corrupt Practices Act of 1977</i>	The act to amend the US Securities Exchange Act of 1934 (as amended) to make it unlawful for certain issuers to make certain payments to foreign officials and other foreign persons, to require such issuers to maintain accurate records, and for other purposes.
<i>US Securities Act</i>	The US Securities Act of 1933, as amended.
<i>VAT</i>	Value added tax.

## First Section: Subscription Terms and Conditions

### Key details of the Offer Shares for sale to the public

- **Name of the Company:** Lulu Retail Holdings PLC
- **Share capital:** The share capital of the Company as at the date of this Prospectus has been set at USD 144,604,674.9 (equivalent to AED 531,060,669 (five hundred thirty one million sixty thousand six hundred and sixty nine UAE Dirhams) divided into 10,328,905,350 Shares paid-in-full, with the nominal value of each Share being USD 0.014 (which is equivalent to AED 0.051).
- **Percentage, number and type of the Offer Shares:** 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares, all of which are ordinary shares and which constitute 25% of the Company's issued share capital and which are being offered for sale by the Selling Shareholder (this percentage has been calculated based on the total number of Shares as at the date of this Prospectus). All Shares are of the same class and carry equal voting rights and rank pari passu in all other rights and obligations. The Selling Shareholder reserves the right to amend the size of any Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws in the UAE and the approval of the SCA.
- **Offer Price Range per Offer Share:** The Offer Price Range will be in AED and will be published on the same day and before opening of the Offer Period on 28 October 2024.
- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**
  - **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described in the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the First Tranche must hold an NIN with the ADX and a bank account number. 258,222,634 (two hundred fifty eight million two hundred twenty two thousand six hundred thirty four) representing 10% of the Offer Shares are allocated to the First Tranche. Each Subscriber in the First Tranche other than the Eligible Employees (as defined below) will have a Minimum Guaranteed Allocation of 1,000 Shares, and each Eligible Employee will have a Minimum Guaranteed Allocation of 2,000 Shares. The Minimum Guaranteed Allocation is subject to the total number of shares issued under the Minimum Guaranteed Allocation not exceeding the Tranche size, subject to the limits and conditions set out in this Prospectus. The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.
  - **Second Tranche:** The Second Tranche of the Offering will open to Second Tranche



Subscribers as described in the “Definitions and Abbreviations” section of this Prospectus. All Second Tranche Subscribers must hold an NIN with the ADX and a bank account. 2,298,181,441 (two billion two hundred ninety eight million one hundred eighty one thousand four hundred forty one) Shares representing 89% of the Offer Shares are allocated to the Second Tranche. The Selling Shareholder reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws of the UAE and the approval of the SCA, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the Subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.

- **Third Tranche:** The Third Tranche of the Offering will be open to Third Tranche Subscribers as described on the cover page of this Prospectus and in the “**Definitions and Abbreviations**” section of this Prospectus. 25,822,263 (twenty-five million eight hundred twenty two thousand two hundred sixty three) Shares representing 1% of the Offer Shares are allocated to the Third Tranche. The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.
- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber’s responsibility to determine whether the Subscriber application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).
- **Minimum subscription:** For the First Tranche, the minimum subscription in Offer Shares has been set at AED 5,000 (five thousand UAE dirhams) with any additional investment to be made in AED 1,000 (one thousand UAE dirhams) increments. As for the Second Tranche, the minimum subscription for Offer Shares has been set at AED 5,000,000 (five million UAE dirhams). The minimum subscription for the Offer Shares in the Third Tranche has been set at AED 50,000 (fifty thousand) UAE dirhams with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams).
- **Maximum subscription:** No maximum subscription in the Offer Shares has been set.
- **Subscription by the Selling Shareholder:** The Selling Shareholder may not subscribe for Offer Shares, whether directly or indirectly, or through its subsidiaries.
- **Lock-up period:** The Shares held by the Selling Shareholder following completion of the Offering shall be subject to a lock-up which ends 180 days after Listing.

- **Reasons for the Offering and use of Offer proceeds**

All expenses of the Offering (including management and selling commissions) will be borne by the Selling Shareholder. The Company will not receive any proceeds of the Offering. The Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholding to more actively manage and optimise its portfolio of assets, whilst providing trading liquidity in the Offer Shares and raising the profile of the Company with the domestic and international investment community.

## **Further Information on the First Tranche**

### **1. Subscription Applications**

Each Subscriber in the First Tranche, may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber, in which case the subscription application will be submitted in the name of such Subscriber); or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Joint Lead Receiving Banks and the Joint Lead Managers reserve the right to disqualify all or some of the subscription applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application along with all required documents and submit it to any Receiving Bank together with the subscription amount during the Offer Period for the First Tranche. Subscription for Offer Shares would deem the Subscriber to have accepted the Articles of Association of the Company and complied with all the resolutions issued by the Company's general meeting. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company's Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein or through electronic channels (see "**Electronic subscription**").

The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his or her representative.

**The Joint Lead Receiving Banks and the Joint Lead Managers may reject subscription applications submitted by any Subscriber in the First Tranche and Third Tranche for any of the following reasons:**

- if the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the subscribers is not filled in correctly);
- if the subscription application amount is paid using a method that is not a permitted method of payment;
- if the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche and Third Tranche offer;
- if the completed subscription application form is not clear and fully legible.

- if the Manager's Cheque is returned for any reason;
- if the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Banks is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;
- if the NIN is not made available to the ADX or if the NIN is incorrect when applicable;
- if the subscription application is found to be duplicated (any acceptance of such duplicate application is solely at the discretion of the Company and the Selling Shareholder);
- if the subscription application is otherwise found not to be in accordance with the terms of the Offering;
- if the Subscriber is found to have submitted more than one application (it is not permitted to apply in more than one of the First Tranche or the Second Tranche or the Third Tranche, nor is it permitted to apply in either tranche more than once, any acceptance of such duplicate / multiple application(s) is solely at the discretion of the Company and the Selling Shareholder);
- if the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);
- if a Subscriber has not adhered to the rules applicable to the First Tranche and Third Tranche offer;
- if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Regulations, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the SCA or the ADX; or
- if for any reason FTS/SWIFT/online/mobile/ATM subscription channels transfer fails or the required information in the special fields is not enough to process the application.

The Joint Lead Receiving Banks and the Joint Lead Managers may reject the application for any of the reasons listed above at any time until allocation of the Offer Shares and have no obligation to inform the Subscribers before the notification of the allocation of Shares to such rejected Subscribers.

## **2. Documents accompanying Subscription applications**

Subscribers shall submit the following documents along with their subscription application forms:

**For individuals who are UAE or GCC nationals or nationals of any other country:**

- The NIN (National Investor Number)
- the original and a copy of a valid passport or Emirates identity card; and
- in case the signatory is different from the Subscriber:
  - the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
  - the original passport or Emirates ID of the signatory for verification of signature and a copy of the original passport or Emirates ID; and
  - a copy of the passport or Emirates ID of the Subscriber for verification of signature; or
- In case the signatory is a guardian of a minor, the following will be submitted:
  - original and copy of the guardian's passport or Emirates ID for verification of signature;
  - original and copy of the minor's passport; and
  - if the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

**For corporate bodies including banks, financial institutions, investment funds and other companies and establishments:**

- UAE registered corporate bodies:
  - the original and a copy of a trade license or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies; a notary public or as otherwise duly regulated in the country;
  - the original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the Subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form;
  - NIN details; and
  - the original and a copy of the passport or Emirates ID of the signatory.
- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Lead Managers to obtain the list of required documents.

### **3. Method of subscription and payment for the First Tranche**

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with the ADX and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- certified bank cheque (Manager's Cheque) drawn on a bank licensed and operating in the UAE, in favour of "Lulu Retail Holdings – IPO";
- debiting a Subscriber's account with a Receiving Bank; or
- electronic subscriptions (please refer to the section on "Electronic subscription" below).

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's Cheque.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- in cash;
- cheques (not certified); or
- any other mode of payment other than mentioned above. Please refer to Annex 3 for the details of the Receiving Bank's participating branches.

#### **Electronic subscription (E-subscription) through Receiving Banks and ADX ePortal Subscription**

Electronic subscriptions: The Receiving Banks may also have their own electronic channels (ATMs, on-line internet banking applications, mobile banking applications, etc.) interfaced with the ADX eKtatab IPO system. By submitting the electronic subscription application, the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is the relevant Receiving Bank to pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the Offer account in favor of "Lulu Retail Holdings – IPO" held at the Receiving Bank, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this Prospectus will not apply to Electronic Applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and any earned profit thereon following the closing of the Offer Period and prior to the Listing of the Shares shall be performed solely by, and processed through, the Receiving Bank in which the electronic subscription application was submitted.

Subscription applications may also be received through UAE Central Bank Fund Transfer

("FTS") mode. The investor choosing the FTS method will be required to provide their valid NIN with the ADX along with the value of Offer Shares subscribed for in the special instructions field.

### **ADX ePortal Subscription:**

For applying through ADX ePortal Subscriptions:

Please access –

For Arabic – <https://www.adx.ae/Arabic/Pages/ProductsandServices/ipo.aspx>

For English – <https://www.adx.ae/English/Pages/ProductsandServices/ipo.aspx>

Refer to the "ADX IPO ePortal Subscription Instructions" page and follow the instructions. Click on the IPO Subscription Link provided to subscribe for the First Tranche. **(Applicable only for investors who do not have accounts with any of the Receiving Banks)**

Please reach us on 800-ADX(239) or via email on info@adx.ae for any queries on the above.

### **E-Subscription:**

#### **First Abu Dhabi Bank PJSC IPO E-Subscription**

Access the online links:

Arabic: <https://www.bankfab.com/v1/ar-ae/investment-banking/iposubscription>

English: <https://www.bankfab.com/v1/en-ae/investment-banking/iposubscription>

Please refer to the "How to subscribe page" and follow the instructions and submit subscriptions for the First Tranche and the Third Tranche.

FAB Mobile Banking application is available for FAB clients.

If you need any support, please call FAB Call Centre No. 0097126161800

#### **Dubai Islamic Bank IPO E-Subscription**

DIB Customers can submit the IPO subscription through WhatsApp digital journey.

Add +97146092222 in your WhatsApp and type IPOSUB and follow the instruction.

For any further queries kindly contact us on +971 4 609 2222 or visit the [www.dib.ae](http://www.dib.ae)

#### **Emirates Islamic Bank IPO E-Subscription**

Account holders with Emirates Islamic Bank can subscribe via the bank's mobile application channel as well as through ATMs. Eligible persons can access Emirates Islamic Bank's ATMs with their debit card, and mobile application using their relevant username and password (as

is customary with these channels). This will be deemed sufficient for the purposes of identification and accordingly the supporting documentation in relation to application set out elsewhere in this Prospectus will not apply to electronic applications.

### **E-subscription through the Emirates Islamic Bank PJSC - General Terms**

By submitting the electronic subscription application, the customer is accepting the offering terms and conditions on behalf of the subscriber and authorize Emirates Islamic Bank PJSC to retrieve Investor details from ADX Market to submit the subscription application and pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the offer account in favor of “LULU GROUP - IPO” held at the Emirates Islamic Bank PJSC.

The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this prospectus will not apply to electronic applications under this section.

Notification of the final allocation of offer shares and the refund of proceeds for unallocated offer shares (if any) and any returns thereon following the closing of the offer period shall be performed solely by, and processed through, the receiving banks in which the electronic subscription application was submitted.

In the event any of the Subscribers do not comply with this Prospectus, especially in relation to the electronic subscription, neither the ADX, the Selling Shareholder, the Company, the Board, Emirates Islamic Bank PJSC shall in anyway be liable for the use of the electronic subscription facility by the customer of the bank or the Subscriber, the debiting of the customer account of the Receiving Banks, in respect of all and any losses or damages suffered, directly or indirectly as a result of the electronic subscription facility.

### **Abu Dhabi Commercial Bank E-Subscription**

Steps in subscription process:

Step # 1 ADCB customers to visit the <https://www.adcb.com/Lulu> and click IPO Subscription Link

Step # 2 Complete login authentication (Customer ID, Mobile Number and OTP)

Step # 3 Enter NIN Number

Step # 4 Select Broker, Enter Subscription Amount, Select Account and Submit.

### **Mashreq Bank E-Subscription**

Mashreq 's Digital Journey will offer the functionality to existing Mashreq customers to digitally submit their IPO subscription requests, generate NINs with ADX & open brokerage account with Mashreq Securities real-time through one seamless journey via their Mashreq Mobile



App. Eligible clients can also apply for leverage through the same digital journey.

Non-Mashreq customers can avail the above by first opening their Mashreq account instantly through the Mashreq Mobile App.

For any further queries, kindly contact us on +971 4 424 4457

### **Emirates NBD E-Subscription**

Emirates NBD account holders can subscribe via online and mobile banking as well as through ATMs. Eligible persons can access Emirates NBD ATMs using their debit card, online or mobile banking using the relevant username and password (as is customary with these electronic banking channels). This is considered sufficient for identification purposes and therefore the supporting documentation for the subscription application elsewhere in this Prospectus will not apply to electronic applications.

Subscribers who do not have an account with Emirates NBD, whether in the UAE or abroad, can subscribe through the dedicated subscription website <https://IPO.EmiratesNBD.com> and pay through online banking via the UAE Central Bank's Payment Gateway Service (PGS) or through a Central Bank of the UAE or SWIFT transfer.

In case of any issues or for support, please contact Emirates NBD's dedicated team through the call center 800 ENBD IPO (800 3623 476).

### **Important dates relevant to the methods of payment of the subscription amounts**

- Subscription amounts paid by way of cheque must be submitted by 1:00 pm on 2 November 2024 (2 working days prior to the closing date).
- Subscription amounts paid by way of UAEPGS, FTS and SWIFT, ATM, Internet Banking, Mobile Application & Website must be submitted by 1:00 pm on 4 November 2024 (1 working day prior to the closing date).
- Subscription applications received through ATM, Internet Banking, Mobile Application & Website must be made before / by 1:00 pm on 5 November 2024 (on the closing date).

### **Subscription amounts**

Subscribers in the First Tranche must submit applications to purchase Offer Shares in the amount of AED 5,000 (five thousand UAE dirhams) or more, with any subscription over AED 5,000 (five thousand UAE dirhams) to be made in increments of AED 1,000 (one thousand UAE dirhams). Subscribers in the Third Tranche must submit application to purchase Offer Shares of AED 50,000 (fifty thousand) UAE dirhams or more with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams). Subscribers in the First Tranche and the Third Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

## **Final Offer Price**

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Lead Managers will use the information on the extent of demand at various prices provided by such Second Tranche Subscribers to determine and recommend to the Company and the Selling Shareholder the Final Offer Price (which must be within the Offer Price Range) for all the Offering Participants.

The Shares of the Second Tranche Subscribers must represent all of the Shares used to calculate the Final Offer Price of the Offer Shares.

## **4. Further information on various matters**

### **Offer Period**

Commences on 28 October 2024 for the First Tranche, the Second Tranche and the Third Tranche and closes on 5 November 2024 for the First Tranche, the Second Tranche and the Third Tranche.

### **Receiving Banks**

- **Joint Lead Receiving Banks:** Abu Dhabi Commercial Bank PJSC and First Abu Dhabi Bank PJSC.
- **Receiving Banks:** a list of Receiving Banks in the UAE attached in Annex 3 of this Prospectus.

### **Method of allocation of Offer Shares to different categories of Subscribers (Under SCA CHAIRMAN OF THE BOARD RESOLUTION NO. (11/R.M) OF 2016 ON THE REGULATIONS FOR ISSUING AND OFFERING SHARES OF PUBLIC JOINT STOCK COMPANIES)**

Should the total size of subscriptions received exceed the number of Offer Shares, then the Selling Shareholder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and any earned profit resulting thereon.

### **Notice of Allocation**

A notice of allocation of shares for the successful Subscribers in the First Tranche and Third

Tranche will be sent by way of SMS followed by a notice setting out each Subscriber's Share allocation, which will be sent by registered mail or the registered email with the stock exchange to each Subscriber.

### **Method of refunding surplus amounts to Subscribers**

By no later than 12 November 2024 (being within five (5) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation, the surplus subscription amounts, and any earned profit resulting thereon, shall be refunded to Subscribers who did not receive Offer Shares, and the subscription amounts and any earned profit resulting thereon shall be refunded to the Subscribers in the First Tranche and the Third Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any earned profit thereon are returned to the same Subscriber's account through which the payment of the original application amount was made. In the event payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Selling Shareholder for a Subscriber, if any, and the application amount paid by that Subscriber will be refunded to such Subscriber pursuant to the terms of this Prospectus.

### **Enquiries and complaints**

Subscribers who wish to submit an enquiry or complaint with respect to any rejected requests, allocation or refunding of the surplus funds, must contact the Receiving Bank through which the subscription was made, and if a solution cannot be reached, then the Receiving Bank will refer the matter to the Investor Relations Officer. The Subscriber to be updated on the status. The Subscriber's relationship remains only with the receiving bank that received the subscription request.

### **Listing and trading of Shares**

Subsequent to the allocation of Offer Shares, the Company will list all of its Shares on the ADX - as described in this Prospectus - in accordance with the applicable listing and trading rules as at the Listing date expected on or around 14 November 2024. Shares can only be traded after the allocation of the Offer Shares to Subscribers' accounts on the ADX. Trading in the Shares will be effected on an electronic basis, through the ADX's share registry, with the commencement of such trading estimated to take place after completion of the registration and listing.

### **Voting rights**

All Shares are of the same class and shall carry equal voting rights and shall rank pari passu in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

## Risks

There are risks that are specific to investing in this Offering. Those risks have been explained in a section headed “**Investment Risks**” of this Prospectus and must be reviewed and must be taken into account before deciding to subscribe in Offer Shares.

## 5. Timetable for subscription and Listing

The dates set out below outline the expected timetable for the Offering. However, the Company and the Selling Shareholder reserve the right to change any of the dates/times, or to shorten or extend the specified time periods, upon obtaining the approval of the appropriate authorities and publishing such change(s) during the Offering period in daily newspapers.

Event	Date
Offering Commencement Date (The Offer Period for the First Tranche and the Second Tranche and the Third Tranche shall continue for Nine 9 days for the purposes of accepting Subscribers’ applications)	28 October 2024
Closing Date of the First Tranche and the Third Tranche	5 November 2024
Closing Date of the Second Tranche	5 November 2024
Announcement of Final Offer Price	6 November 2024
The date of announcing the final allotment of shares for Second Tranche Subscribers	6 November 2024
Preparation of Allocation of First Tranche and the Third Tranche	12 November 2024
SMS Confirmation to all successful subscribers of the First Tranche and Third Tranche.	12 November 2024
Commencement of refunds of surplus subscription monies and any earned profit resulting thereon and any earned profit as a result of its investment thereon, to the First Tranche and the Third Tranche as well as commencement of dispatch of registered mail relating to allotment of shares	13 November 2024
Expected Date of Listing the Shares on the ADX	14 November 2024

## 6. Tranches

The Offering of the Offer Shares is divided as follows:

### The First Tranche:

- Size:** 258,222,634 (two hundred fifty eight million two hundred twenty two thousand six hundred thirty four) Shares, representing 10% of the Offer Shares. Each Subscriber in the First Tranche other than the Eligible Employees (as defined below) will be guaranteed a minimum allocation of 1,000 Shares, and each Eligible Employee will be guaranteed a minimum allocation of 2,000 Shares (the “**Minimum Guaranteed Allocation**”). The Minimum Guaranteed Allocation is subject to the total number of shares issued under the Minimum Guaranteed Allocation not exceeding the Tranche size, subject to the limits and conditions set out in this Prospectus. The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% of the Offer Shares in aggregate.
- Eligibility:** First Tranche Subscribers (as described on the cover page of this Prospectus and the “**Definitions and Abbreviations**” section of this Prospectus).
- Minimum application size:** AED 5,000 (five thousand UAE Dirhams), with any additional application in increments of at least AED 1,000 (one thousand UAE Dirhams).
- Maximum application size:** There is no maximum application size.
- Allocation policy:** In case of over-subscription in the First Tranche, the Minimum Guaranteed Allocation is initially allocated to each subscriber, subject to the total number of shares issued under the Minimum Guaranteed Allocation not exceeding the Tranche size, subject to the limits and conditions set out in this Prospectus and any excess in the subscribed Offer Shares will be allocated pro rata to each Subscriber’s subscription application amount based on the Final Offer Price. Applications will be scaled back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of the Offer Shares will be rounded down to the nearest

whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.

**Unsubscribed Offer Shares:** If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to the Second Tranche or alternatively (in consultation with the SCA) the Selling Shareholder may extend the Closing Date, and/or close the Offering at the level of applications received.

#### **The Second Tranche:**

**Size:** The Second Tranche will be made pursuant to this Prospectus and the Second Tranche Document. 2,298,181,441 (two billion two hundred ninety eight million one hundred eighty one thousand four hundred forty one) Shares representing 89% of the Offer Shares will be allocated to the Second Tranche. The Selling Shareholder reserves the right to amend the size of the Second Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% (sixty per cent) of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% (forty per cent) of the Offer Shares in aggregate.

**Eligibility:** Second Tranche Subscribers, as described on the cover page of this Prospectus and the “Definitions and Abbreviations” section of this Prospectus.

**Minimum application size:** The minimum application size is AED 5,000,000 (five million UAE dirhams).

**Maximum application size:** There is no maximum application size.

**Allocation policy:** Allocations within the Second Tranche will be determined by the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons). It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Offer Shares lower than the number of Offer Shares mentioned in their subscription application.

**Discretionary allocation:** The Company and the Selling Shareholder reserve the right to allocate Offer Shares in the Second Tranche in any way as they deem necessary.

**Unsubscribed Offer Shares:** If all the Offer Shares allocated to the Second Tranche are not fully subscribed, then the Offer will be withdrawn.

### The Third Tranche

**Size:** 25,822,263 (twenty five million eight hundred twenty two thousand two hundred sixty three Shares representing 1% of the Offer Shares. The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% (sixty per cent) of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and the Third Tranche does not exceed 40% (forty per cent) of the Offer Shares in aggregate.

**Eligibility:** Third Tranche Subscribers, as described on the cover page of this Prospectus and the “**Definitions and Abbreviations**” section of this Prospectus.

**Minimum application size:** The minimum application size for subscribers in the Third Tranche is 50,000 (fifty thousand) UAE dirhams with any additional application to be made in increments of AED 1,000 (one thousand UAE dirhams).

**Maximum application size:** There is no maximum application size.

**Allocation Policy** In case of over-subscription in the Third Tranche, any excess in the subscribed Offer Shares will be allocated pro rata to each Subscriber’s subscription application amount based on the Final Offer Price. Applications will be scaled back on the same basis if the Third Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of the Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.

**Unsubscribed Offer Shares:** If all of the Offer Shares allocated to the Third Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to the Second Tranche.

**Multiple applications**

A Subscriber should only submit an application for Offer Shares under one Tranche. In the event a Subscriber applies for subscription in more than one Tranche, the Joint Lead Receiving Banks and the Joint Lead Managers may deem one or both applications invalid.

**Important notes**

Subscribers in the First Tranche and the Third Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS.

Upon Listing of the Shares on the ADX, the Shares will be registered on an electronic system as applicable to the ADX. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the ADX.

Subject to the approval of the SCA, the Selling Shareholder reserves the right to alter the percentage of the Offer Shares, which are to be made available to either the First Tranche or the Second Tranche or the Third Tranche.



## Second Section: Key details of the Company

### 1. Overview of the Company

<b>Name of the Company:</b>	Lulu Retail Holdings PLC
	A free zone public company limited by shares incorporated in the ADGM pursuant to the Companies Regulations.
<b>Primary objectives of the Company:</b>	The objectives of the Company are as follows: <ul style="list-style-type: none"><li>• Activities of Holding Companies; and</li><li>• Activities of Head Offices.</li></ul>
<b>Registered office:</b>	P.O Box 2405, 24, Al Sila Towers, Abu Dhabi Global Market Square, Al Maryah Island , Abu Dhabi, United Arab Emirates.
<b>Branches:</b>	None.
<b>Details of trade register and date of engaging in the activity:</b>	License No. 000003044 issued on 23 September 2019.
<b>Term of the Company:</b>	Not applicable for ADGM companies.
<b>Financial year:</b>	1 January to 31 December.
<b>Independent Auditors:</b>	Deloitte & Touche (M.E.) LLP.
<b>Major banks dealing with the Company:</b>	Abu Dhabi Commercial Bank PJSC Dubai Islamic Bank First Abu Dhabi Bank HSBC Bank Mashreq Bank Bank Muscat Qatar National Bank Saudi National Bank Al Rajhi Bank Gulf Bank of Kuwait

**Details of current Board Members:**

Name	Year of Birth	Nationality	Capacity
Yusuffali Musaliam Veettil Abdul Kader	1955	Indian	Chairperson
Saifuddin Taher Bhai Rupawala	1959	Indian	Chief Executive Officer & Executive Director
Ashraf Ali MA	1959	Indian	Executive director – Global Operations & Executive Director
Abdul Saleem Valiyakath Ibrahimkutty	1961	Indian	Chief Operating & Strategy Officer & Executive Director
Gil Adoteye Adotevi-Akue	1980	Canadian	Non-Executive Director
Abdulrahman Ibrahim Hamad Abaalkhail*	1976	Saudi	Non-Executive Director
André G. Sayegh*	1954	Emirati	Non-Executive Director
Reed Hamad Khamis Alsheryani Aldhaheri*	1969	Emirati	Non-Executive Director
Salmeen Obaid Suwaid Alsembari Al Ameri	1977	Emirati	Non-Executive Director

\*denotes that the Director is independent under the Governance Rules.

None of the board members hold any memberships in the boards of directors of any joint stock companies in the UAE except for:

- Gil Adoteye Adotevi-Akue who serves as a non-executive board member at Agthia Group.
- Salmeen Obaid Suwaid Alsembari Al Ameri who serves as the vice-chairman (non-executive) of Agthia Group.

No bankruptcy or insolvency ruling or a bankruptcy arrangement was issued against any member of the Board of directors or members of the senior management, or the Board secretary of the Company.

**None of the members of the board of directors or the senior management and their first-degree relatives own any Shares in the Company, except for:**

Mr. Yusuffali Musaliam Veettil Abdul Kader who is the founding shareholder of the Group and is the ultimate beneficial owner of Y International Holdings Limited which in turn holds 80% in

the Selling Shareholder.

**Summary of the remuneration of the board of directors and senior management team**

The aggregate total remuneration paid by the Company to the directors and other key members of management was U.S.\$2,319 thousand and U.S.\$1,860 thousand for the six months ended 30 June 2024 and 2023, respectively, and U.S.\$4,334 thousand, U.S.\$ 4,123 thousand and U.S.\$4,110 thousand for the years ended 31 December 2023, 2022 and 2021, respectively.

## Business Description

*Investors should read this section of this Prospectus in conjunction with the more detailed information contained in this Prospectus, including the financial in the Financial Statements, including the related notes, included elsewhere in this Prospectus.*

### Overview

The Group is the largest full-line retailer with stores in all GCC countries (“**pan-GCC retailer**”) by Selling Space, sales (retail sales value) and number of stores in 2023.

The Group operates retail stores under the “**LuLu**” brand in the UAE, the KSA, Oman, Qatar, Kuwait and Bahrain (together, the Group’s “**Markets**”). According to the Market Consultant, the Group was the second largest grocery retailer in the UAE and the largest retailer in Oman, Qatar, Bahrain and Kuwait<sup>1</sup> and the fastest growing and largest pan-GCC retailer in the KSA, in each case based on the retail sales value for 2023. According to the Market Consultant, the Group holds the top position in modern offline grocery retail in the GCC region, capturing 13.5% share of the GCC modern offline grocery market in 2023. The Group’s Markets benefit from a number of socio-economic factors that support the Group’s growth, including young demographic and growing population, increased spending power and urbanisation, high employment rate, increasing discretionary income and a rising affluent population, rising digital penetration and growth of omni-channel retail and economic and infrastructure development, resulting in a projected CAGR growth of 4.2% of the GCC grocery retail market between 2023-2028 (source: Euromonitor).

The Group has a strong omni-channel presence in the form of (i) three formats of brick and mortar stores catering to various shopping occasions:

- hypermarkets (one-stop-shop) with an average selling area of approximately 9,200 sq.m. (“**Hypermarket**”),
- express stores (everyday shopping) with an average selling area of 2,400 sq.m. (“**Express Store**”),
- mini markets (grab and go) with an average selling area of 160 sq.m. (“**Mini Market**”),

and (ii) e-commerce via the Group’s website and mobile application, supported by a partnership with Amazon in the UAE, HungerStation in KSA, Snoonu in Qatar and a partnership with Talabat across all Markets (“**Online Channel**”).

As of 31 August 2024, the Group operated a network of 240 stores, comprising (i) 116 Hypermarkets, (ii) 102 Express Stores and (iii) 22 Mini Markets, with 103 stores located in the UAE, 56 stores located in the KSA and 81 stores across the other Markets. The Group’s total Selling Space as at 31 December 2023 was approximately 1.3 million sq.m., which was approximately three times higher than the average Selling Space of the Group’s publicly listed peers in the GCC in 2023. The Group’s total Selling Space of approximately 1.3 million sq.m. was split as 510,000 sq.m., 276,000 sq.m., 222,0000 sq.m., 127,000 sq.m., 81,000 sq.m. and 86,000 sq.m. for the UAE, KSA, Oman, Qatar, Kuwait and Bahrain, respectively. The growing store network allowed the Group to serve over 600 thousand daily shoppers on average in

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<sup>1</sup> LuLu has the largest market share by brand / company in Kuwait as cooperatives represent a consolidation of 78 independently run companies.

2023, comprised of over 130 nationalities with approximately 300 thousand daily visitors to its website and online application. The Group estimates that in 2023 almost 60% of its shoppers were in the 30 to 45 age group.

The Group believes that its sourcing and logistics network is a key differentiator of its business and forms the backbone of the Group. The Group sources its products from 85 countries with the support of 19 on-the-ground sourcing offices located in key locations, including the United Kingdom, the United States, China, Italy, Philippines, Malaysia and Indonesia. The Group operates a network of 21 distribution centres in the GCC to support its retail operations and advance its growth strategy.

The Group's product offering includes an extensive selection of Private Label offering across various categories such as fresh food, consumer packaged goods, electrical goods and lifestyle products. For the six months ended 30 June 2024, the Group's Private Label products represented approximately 29.3% of the Group's sales, which the Group believes serves as indication of the quality and value proposition of the LuLu brand.

### **Competitive Strengths**

The Group benefits from the following competitive strengths:

#### ***Large and Growing Addressable Market Supported by Strong Tailwinds and Transformation Agendas***

The growth of the Group is underpinned by strong macroeconomic tailwinds in the GCC, which are projected to outpace global averages in 2023-2028 according to Euromonitor:

- real GDP in the GCC is projected to grow at a 3.4% CAGR between 2023 and 2028, as compared to a global average of 3.1% CAGR;
- population in the GCC is projected to grow at a 1.2% CAGR between 2023 and 2028 as compared to a 0.9% CAGR during the same period on average globally;
- personal disposable income in the GCC is projected to grow at a 3.9% median year-on-year between 2023 and 2028 as compared to a 3.9% median year-on-year during the period from 2023 and 2028 on average globally, and
- private consumption in the GCC is projected to grow by 4.2% CAGR between 2023 and 2028, as compared to a 3.9% CAGR globally during the same period.

The ongoing implementation of major transformational agendas in the Group's Markets, including Saudi Vision 2030 in the KSA and Dubai 2040 Urban Master Plan in the UAE, which aim to establish a diversified and resilient economy, attract more people to these countries, improve the overall business environment in the region and develop quality, reliable and sustainable infrastructure, contributing to the projected growth in the GCC.

#### ***Largest Pan-GCC Retailer Distinguished by Scale, Agility and Trusted Partnerships***

The Group is one of only two pan-GCC retailers. It was the largest pan-GCC retailer by Selling Space, sales (retail sales value) and number of stores in 2023. The Group had a total Selling Space of approximately 1.3 million sq.m. as at 31 December 2023, which was approximately three times larger than the average Selling Space of the Group's publicly listed competitors in the GCC region. The Group's leading position in the GCC region allows it to benefit from economies of scale, stronger negotiating power with suppliers and enhanced brand recognition.

The Group's business model benefits from local connectivity, agile approach, swift decision-making and format flexibility, which the Group believes makes it adaptable and difficult to replicate.



The Group utilises its extensive local know-how to cater to diverse local customer demands from its base of over 200,000 active SKUs (with approximately total 650,000 SKUs) sourced from 85 countries. Existing arrangements with local governments and affiliated organisations and entities support the Group's ties with local communities and increase the Group's sales volume.

The Group has a highly integrated supply chain based on efficient sourcing underpinned by global sourcing offices and in-house logistics and supported by active monitoring of customer trends to continuously enhance product selection. The Group benefits from a flat organizational hierarchy, a high level of buying autonomy at the regional and store level and streamlined evaluation procedures, which enable swift decision-making and tailored offering to specific community needs driven by localised decision making and procurement.

The Group's network of stores and Online Channel allow for multiple customer touchpoints with diversified product offering and high-quality service. The Group has a flexible approach with respect to potential areas for expansion, which are not limited to large urban areas, but also include smaller suburban and rural areas in the Group's Markets. For example, in the KSA from 2021, the Group has opened approximately 50% of its stores in smaller towns.

### ***Compelling Customer Proposition Underpinned by a Well-Balanced Product Offering***

The Group strives to deliver exceptional customer service to its customers across all backgrounds, including ethnicity, income and lifestyle. The Group's comprehensive approach to customer service includes tailoring product selection by actively soliciting and responding to customer feedback both at the Group-wide level and at the individual store level. The Group is focused on providing personalised customer engagement with well-staffed (with an average of approximately 290 employees per Hypermarket, approximately 55 employees per Express Store and approximately three employees per Mini Market, each in 2023) and well-organised stores that provide a quick and comfortable shopping experience.

The Group takes great pride in being well-integrated in its local communities. For example, the Group's stores hosted more than 80 diverse special events or festivals in the UAE in 2023,

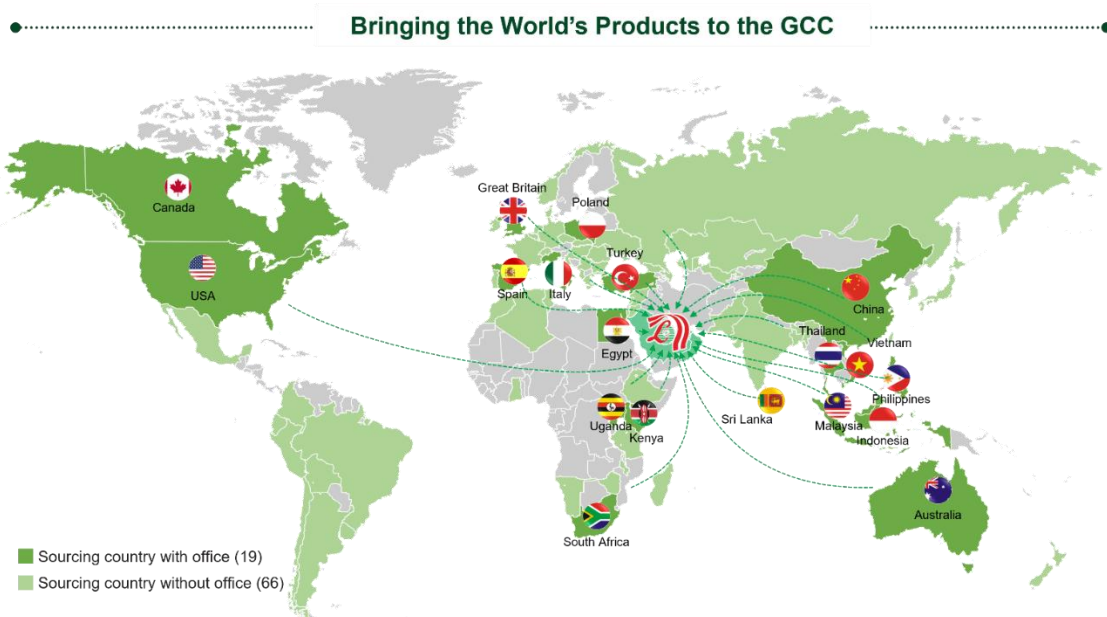
which illustrates the Group’s commitment to welcoming customers from diverse backgrounds. The Group received the Sheikh Khalifa Excellence Award (in 2023), Dubai Service Excellence Scheme (in 2021) and Dubai Quality Award (in 2021) for its customer service.

In addition, the Group continually works on enhancing its stores with advanced technology, such as by introducing self-scanners and self-checkouts in stores and running a pilot project for cashier-less and checkout-less stores.

The Group launched its customer loyalty Happiness Programme in the UAE in March 2023, with a subsequent launch in Qatar in March 2024, Kuwait in May 2024, Bahrain in June 2024, KSA in July 2024 and Oman by the end of 2024. As at 31 August 2024, the number of registered members of the Happiness Programme in the UAE was approximately 1.9 million, representing approximately 19% of the total population of the UAE in 2023, and the number of registered users in Qatar was approximately 551 thousand, representing approximately 18% of the total population of Qatar in 2023.

According to the Group’s estimates based on data as of June 2024, approximately 70% of sales in the UAE and 66% in Qatar were generated by registered users of the Happiness Programme. The average basket size for registered users of the Happiness Programme was approximately 1.7 times higher and 1.4 times higher than that of customers not registered in the Happiness Programme in the UAE and Qatar respectively, based on the June 2024 monthly information. The increased average basket size contributes to the long-term growth of the Group’s business, which coupled with increasing share of sales generated through the Happiness Programme, will contribute to revenue stability, enhance profitability and bolster customer engagement and loyalty.

### **Strong Operational Backbone Supported by Global Sourcing Capabilities**



The Group has an extensive global sourcing network, bringing products from 85 countries to each of the Group’s Markets. The Group has 19 on-the-ground sourcing offices, including in the United Kingdom, the United States, China and Italy, with local sourcing capabilities enabling the Group to directly monitor and ensure quality of products and ensure high

standards are maintained throughout the supply chain. The Group maintains strong long-term relationships with many of its key suppliers spanning over 20 years on average. Direct access to new quality products and innovations, full logistical control over sourcing operations and a broader and more diverse selection of products are all benefits of the Group’s sourcing network. The Group’s scale also affords it greater bargaining power when negotiating with its suppliers.

The Group’s logistics and distribution infrastructure is well-positioned to support its future growth. The Group operates 21 distribution centres, with a total inventory space of 430,000 sq.m. which currently provides sufficient capacity to support the current store rollout plans of the Group. An in-house fleet of approximately 1,400 vehicles transports the products from the distribution centres to the Group’s stores. The Group’s in-house logistics capabilities help to ensure product quality and a steady supply from distribution centres to stores. The distribution centres use advanced design and technology and an automated warehouse management service (“WMS”), integrated into their IT systems for real-time management to reduce the lead time for delivery to stores to 24 hours.

**Highly Experienced Stakeholder and Management Team with a Proven Track Record of Success**

The Group is led by a well-tenured senior management team, with a combined experience of over 140 years and an average of over 36 years of experience at the Group. The Group’s management team is led by the Chief Executive Officer, Mr. Saifuddin Rupawala, who joined the LuLu Group in 1982 and has over 41 years of experience, who, in turn is supported by the Chief Financial Officer, the Chief Operating & Strategy Officer and Executive Director for Global Operations, who have 25, 37 and 41 years of experience at the Group, respectively (See “Management—Senior Management”).

The Group is further supported by the founding shareholder and Chairperson, Mr. Yusuffali, who is committed to the Group’s ongoing success. See “Management—Board of Directors”. In 2020, ADQ, a wholly-owned state development holding company established by the Government of Abu Dhabi to promote the national economy, invested in the Group and as at the date of this Prospectus indirectly holds 20% in the Selling Shareholder.

**Strategy**

The Group’s growth potential is supported by the following tangible and deliverable strategic levers:

**Driving Like-for-Like Growth in Existing Stores**

The Group’s existing stores have experienced steady growth over recent periods.

	<b>Six months ended 30 June</b>	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Number of Daily Shoppers	657,749	613,978	565,078
Like-for-Like Sales Growth .....	2.1%	4.6%	6.2%

The number of Daily Shoppers at the Group’s stores increased from approximately 565



thousand in 2022 to approximately 614 thousand in 2023, and further to approximately 658 thousand in the first half of 2024. The Group's Like-for-Like Sales increased by 6.2% in 2022, 4.6% in 2023 and 2.1% in the first half of 2024. The Group intends to continue to drive its strong Like-for-Like Sales Growth by offering appealing and diverse products, including Private Label products, and by continuously monitoring, refreshing and expanding its product assortment to cater to changing customer preferences. In addition, the Company will focus on further enhancing its in-store experience by continuing to provide differentiated customer service led by its well-trained employees who are knowledgeable and are able to cater to the Company's diverse customer base.

The Group's deep understanding of local markets and consumer preferences across the GCC, supported by its agile approach to operations gives it a strategic advantage in tailoring its offering to meet specific needs of each market and to respond and adapt quickly changing customer needs. The Group has recently updated its approach to store merchandising to provide separate eco-friendly areas with refill (no waste) stations and separate shelves for organic, vegan and plant-based products next to conventional items. In addition, the Group has opened in-store dining areas (primarily in Hypermarkets). By offering localised product assortments, promotions, and customers experiences the Group will continue to resonate with customers.

The Group will continue its focus on ramping up sales in its stores (both mature and recently opened stores) by implementing marketing and promotional initiatives to reinforce brand awareness, including diverse seasonal and festive events in its stores (such as Back to School, World Food Festival, Mango Mania and Travel Fest) to drive customer footfall. These events involve tailored product offerings, promotions, various customer engagement activities, live cooking stations and in-store live product demonstrations. Additionally, the Group utilises vibrant store shelves and interactive displays to elevate the customer experience. In 2023, the Company hosted around 750 special promotions and events across the GCC, including 87 special promotions and events in the UAE, which continue to drive customer traffic to the Company's stores.

The Group has rolled out the Happiness Programme to all stores in the UAE, Qatar, Kuwait, Bahrain and KSA, and by the end of 2024 to Oman. By expanding its loyalty programme, the Group is aiming not only to increase its loyal customer base but also to provide the Group with greater insight into customer spending habits and trends, which the Group believes will allow it to grow the average basket size and further drive Like-for-Like Sales Growth. The Group continues to enhance the Happiness Programme including through creating tailored targeted promotions (such as exclusive and early access offers and price cuts), increasing its social media outreach and in refinement of its product offering to further drive customer traffic. Additionally, the Group is entering into agreements with key tactical vendors to offer exclusive discounts to members of the Happiness Programme which the Group believes will continue to foster customer loyalty and engagement. Overall, the Group has increased its customer count (defined as number of customer transactions) by over 39 million from 2021 to 2023.

### ***Growing Market Share and Network through New Store Rollouts***

The Group enjoys strong brand recognition and trust among consumers in the GCC, which will translate to further new store expansion. The Group believes that it is well positioned to

increase its market share and grow its store network by taking advantage of opportunities in the Group's Markets, with a primary focus on the KSA and UAE. In other Markets, the Group plans to grow by selectively opening stores and maintaining its market share and leadership positions. The Group is poised to benefit from its established presence in all of its Markets by leveraging its existing supply and logistics network, which has ample capacity to support new store roll-outs.

The Group has maintained presence in the KSA since 2009. As at 31 August 2024, the Group operated a network of 56 stores and four distribution centres in 14 cities. Based on the Group's estimates, in 2023 it had the highest sales per sq.m. in the KSA and the highest average sales per store in the KSA. The Group believes in the significant growth potential of the grocery retail market in the KSA reaching U.S.\$48 billion by 2028 (source: Euromonitor). The Group intends to build on its leading position and increase its market share in the KSA by leveraging its established platform and successful track record in the market. The Group sees potential to expand its footprint in over 20 cities with populations over 200 thousand, along with avenues to open multiple stores in cities with populations of 1 million or more. In addition, the Group has partnerships with a number of governmental entities in the KSA which the Group believes will unlock new opportunities as the country seeks to meet key milestones related to the Saudi Vision 2030 plan and associated initiatives that underscore the KSA government's commitment to diversifying the economy away from oil and gas revenues. The Group believes that it is a preferred tenant in KSA, which will facilitate its expansion into prime locations, along with its expansion in growing communities and new cities. The Group will seek to capitalise on these strengths by faster rollouts of new stores through a shift to fully furnished stores and leveraging the online channel to tap into a digitally savvy customer base in KSA.

As at 31 August 2024, the Group operated a network of 103 stores and seven distribution centres in the UAE. Based on the Group's estimates, it had the most sales per sq.m. in 2023 in the UAE. The Group is the largest retailer in Abu Dhabi, based on total retail sales value of the modern trade segment in 2023. By capitalising on its connectivity to the UAE local ecosystem through its partnerships with government entities, the Group aims to become the largest retailer in each of the other emirates. The grocery retail market in the UAE is expected to reach U.S.\$26 billion by 2028 (source: Euromonitor), which presents an attractive avenue for further growth and solidifying the leadership positions of the Group in the country.

Strategically, the Group targets expansion into new urban and rural areas in its Markets, thereby gaining access to relatively less penetrated areas. The Group will maintain its focus on quality of growth by identifying suitable locations for future stores and optimal store formats (depending on the type of location). The Group will also continue to leverage its mutually beneficial relationships with leading real estate developers, as well as with local governments and municipalities to gain access to attractive locations for its stores. For example, the Group has recently opened stores in prime locations including Neom and Jeddah City in KSA, Khalifa City and Abu Dhabi Airport in Abu Dhabi and the Diplomatic Quarter in Riyadh.

Additionally, the Group is gradually shifting towards an asset light model for its new stores, which will help ensure lower capital spending requirements and faster rollouts.

### ***Improving Operational Efficiencies and Leverage Driven by Scale***

The Group is also improving its operations and business processes and extracting additional

optimisation opportunities from its significant scale across the entire spectrum of functions from sourcing and distribution to sales and head office operations.

For example, the Group is working on improving commercial terms and further strengthening its relationships with suppliers to benefit from exclusivity or early access arrangements with its suppliers with respect to high-demand products. For example, due to the Group's long-standing relationships with suppliers and other supply chain efficiencies, the Group is able to quickly source and offer at its stores some high-demand lifestyle products (e.g., Stanley flasks) and food items (e.g., Prime drinks) before such products are available at the stores of the Group's competitors.

In addition, the Group plans to utilise technology to enhance automation, build on optimisation initiatives across its logistics network, inventory management, and in-store operations, and deploy more advanced technologies such as self-checkouts (in over 70 stores) and self-scanners in stores. The Group is planning on leveraging predictive analytics and machine learning algorithms to analyse its historical sales data, customer trends and external factors (such as weather or seasonal events) to forecast demand more accurately which will enable better inventory planning to avoid product wastage and increase on-the-shelf availability, and will assist with dynamic pricing for its products.

The Group is also in the process of offshoring some personnel functions such as back-office and accounting, which the Group expects will result in a decline in staff costs as a percentage of revenue. The Group also undertakes pro-active management of its product assortment, utilises central buying and uses technology to ensure efficient purchasing.

### ***Exploring Further Upside Opportunities***

The Group is continually looking at further opportunities and initiatives to further grow and optimise its product range, sales channels and customer offering.

The Group's Private Label products represented 29.3% of the Group's sales in the six months ended 30 June 2024, as compared to 29% in the six months ended 30 June 2023, and the Group intends to continue to focus on increasing the contribution to sales of its Private Label products through marketing, SKU expansion and the introduction of new product categories. The Group's Private Label products are strategically crafted to provide customers with a strong value proposition, blending competitive pricing with a focus on quality. The Group sees opportunities to potentially increase the share of in-house produced Private Label products. To achieve this, the Group plans to undertake a number of initiatives, including increasing the allocation of shelf space dedicated to its Private Label products within stores. To cater to evolving consumer preferences and market trends, the Group plans to introduce new product lines and expand into additional categories within its Private Label portfolio such as health and wellness, sustainable products or ethnic cuisines where there is growing demand and opportunity for innovation.

By continuously expanding its Private Label product range, the Group will seek to capture new market segments and maintain relevance. Additionally, the Group recognises the importance of raising awareness and driving customer adoption of its Private Label products through effective marketing and promotional efforts. To support this objective, the Group plans to invest in targeted marketing campaigns, in-store promotions, and digital advertising to highlight the value, quality, and affordability of its Private Label offerings. By increasing brand

visibility and communicating the unique benefits of its Private Label products, the Group aims to attract new customers and foster loyalty among existing ones.

The Group's Online Channel has grown in recent years. Since the launch of the online store in 2012, the Group has been focusing on adapting its customer proposition and integrating its offline advantages and online opportunities to extract the maximum benefit from the rapid growth of the online market. The Group's extensive product range allows it to cater to diverse customer needs and preferences, potentially attracting a broader customer base. The number of active SKUs available via the Group's Online Channel, including its website, LuLu App and third-party e-commerce providers, was approximately 116 thousand as at 30 June 2024.

The Group plans to continue its existing strategic partnerships with third-party e-commerce providers such as Amazon (in the UAE), HungerStation (in KSA), Snoonu in Qatar and Talabat (across the GCC) and further expand its omni-channel presence in its Markets and continue to cater to a diverse customer base. Leveraging its years of experience in retail operations, the Group has a robust supply chain and logistics infrastructure in place to enable efficient order fulfilment, timely delivery and effective inventory management, contributing to a positive customer experience and competitive advantage in the Online Channel. The Group continues to implement platform updates to allow quick commerce and improve customer engagement and the overall customer experience.

The Group monitors the selling space utilisation at its stores in order to introduce various space rationalisation initiatives such as changing its store layout to drive customer traffic and potentially subleasing underutilised areas.

The Group believes that customer satisfaction is key to its success. In addition, the Group continuously monitors and seeks to improve its in-store customer experience in order to drive loyalty, traffic and average basket size. See "*Operational Efficiencies*". For example, the Group has recently launched a pilot project of cashier-less/checkout-less stores in Qatar, and it is considering other initiatives and technological advancements to enhance shopping experience of its customers.

## **History and Development**

An overview of the principal events in connection with the history and growth of the Group's business is set out below.

**1974** – The Group's founding shareholder and Chairperson, Mr. Yusuffali, opened his first grocery store in Abu Dhabi.

**1991** – the Group's predecessor entity (see "*Pre-IPO Restructuring*") starts operations and enters organised retail in the UAE.

**2000** – The Group starts operations in Oman and Qatar and opens its first sourcing office in China.

**2002** – The Group begins operations in Kuwait.

**2007** – The Group starts operations in Bahrain and opens its first shopping mall in the UAE.

**2009** – The Group enters the KSA market.

**2012** – Launch of the Group's omni-channel operations with launch of the website. The Group

opens its sourcing office in the UK.

**2015** – The Group opens its sourcing office in Turkey.

**2016** – The Group opens its sourcing office in the United States.

**2016** – The Group opens its 100<sup>th</sup> store in the GCC region.

**2019** – Launch of the LuLu App. The Company was incorporated on 23 September 2019 as a private company limited by shares in the ADGM under commercial license number 000003044. The Company was initially incorporated as Lulu IP SPV Ltd.

**2020** – ADQ, a sovereign wealth fund backed by the Abu Dhabi Government, invests into the Group.

**2021** – The Group opens its 200<sup>th</sup> store in the GCC region.

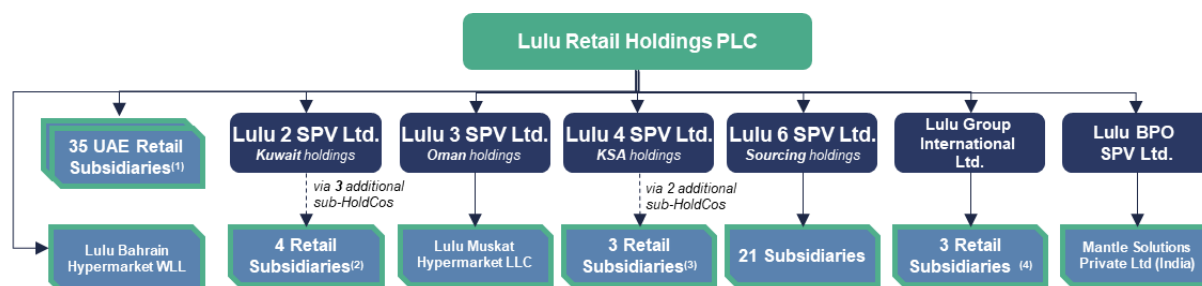
**2022** – The Group entered into partnerships with Amazon (in the UAE) and Talabat (across the GCC region).

**2023** – Launch of the Happiness Programme, the Group’s loyalty programme, in the UAE. On 24 November 2023, the Company changed its name from Lulu IP SPV Ltd. to Lulu Retail Holdings Limited.

**2024** – Expansion of the Happiness Programme to other Markets. The Restructuring (see “*Corporate Structure — Pre-IPO Restructuring*”) is completed.

## Corporate Structure

The Group’s current simplified corporate structure is set out below:



Notes:

(1) Including Lulu Hypermarket LLC

(2) Including Lulu Centre International General Trading & Contracting Company W.L.L.

(3) Including Lulu Saudi Hypermarkets LLC (Single Shareholder)

(4) Including Lulu Hypermarket Trading Company W.L.L.

## Pre-IPO Restructuring

Ahead of the Offering, the Selling Shareholder completed a reorganisation of its corporate structure (the “**Pre-IPO Restructuring**”) by optimising its structure and holdings, leading to a final outcome where the Group holds the GCC retail activity while other non-core businesses and activities (such as, but not limited to, non-GCC international retail and property management of real estate and malls) are held by other entities owned by the Selling Shareholder (the “**non-Group Entities**”). The Group’s operations continue to have business arrangements with non-Group Entities as required on an ongoing basis. See “*Related Party*”

*Transactions*".

## **Principal Operations**

The Group is engaged in the retail sale of food and non-food products through its network of stores organised under three formats designed to fit every need of customers and through its website and the LuLu App. The Group's retail sales account for 96.4% of its sales for the year ended 31 December 2023.

### ***Hypermarkets***

As at 31 August 2024, the Group operated a total of 116 Hypermarkets, including 43 Hypermarkets in the UAE, 25 Hypermarkets in KSA, 21 Hypermarkets in Oman, 11 Hypermarkets in Qatar, eight Hypermarkets in Kuwait and eight Hypermarkets in Bahrain. Hypermarkets make up 48% of the Group's stores. The Group has strategically reduced the average space of its Hypermarkets in recent year across all markets in line with changing consumer preferences. As at 31 August 2024, the average selling area of the Hypermarket was approximately 9,200 sq.m. In 2023, the average basket size for the Group's Hypermarkets was U.S.\$36.

The majority of the Group's Hypermarkets (75 out of 116 as at 31 August 2024) were located within shopping malls. Each of the Hypermarkets have adjacent parking spaces. The availability of parking, ease of access to transportation and urban location allow the Group to target not only those who live within walking distance to the Hypermarket but also those who live some distance away and who might use the Hypermarkets for their weekly shopping, purchasing large volumes. The Group's standalone Hypermarkets typically operate 15-16 hours a day, seven days a week (with re-stocking usually carried overnight).

### ***Express Stores***

As at 31 August 2024, the Group operated a total of 102 Express Stores, including 56 Express Stores in the UAE, 17 Express Stores in KSA, nine Express Stores in Oman, nine Express Stores in Qatar, eight Express Stores in Kuwait and three Express Stores in Bahrain. Express Stores make up 43% of the Group's stores.

The Group's Express Stores service the everyday shopping needs of the customers with a focus on groceries and fresh food. As at 31 August 2024, the average selling area of the Express Store was approximately 2,400 sq.m. The Group's Express Stores typically operate 15-16 hours a day, seven days a week. In 2023, the average basket size for the Group's Express Stores was U.S.\$20.

### ***Mini Market***

As at 31 August 2024, the Group operated a total of 22 Mini Markets, including four Mini Markets in the UAE, 14 Mini Markets in KSA, three Mini Markets in Qatar and one Mini Market in Bahrain. Mini Markets make up 9% of the Group's stores.

The Mini Markets, the smallest store format, allow the Group to open its stores in locations where other formats might not be suitable to cater to "grab-and-go" and convenience customers. As at 31 August 2024, the average selling area of the Mini Market was approximately 160 sq.m. The Group's Mini Markets typically operate 15-16 hours a day, seven

days a week. In 2023, the average basket size for the Group's Mini Markets was U.S.\$6.

### **Online Channel**

The Group enables online sales of its products through its website and LuLu App, as well as through third-party e-commerce providers, including Amazon in the UAE, HungerStation in KSA, Snoonu in Qatar and Talabat across the GCC. These e-commerce providers operate alongside the Group's own Online Channel services to promote the Group's stores on their platforms, take orders and payments for products from consumers, collect the orders from stores and deliver the products from the Group's stores to consumers.

In 2012 the Group launched online sales via its website, and in 2019 it launched the LuLu App, offering an online shopping experience for products. In 2023 the Group had more than 300,000 daily visitors across their website and LuLu App.

As at 31 August 2024, the Group offered approximately 116 thousand SKUs via its Online Channel. The Group received an average of 19.2 thousand orders per week via its website and LuLu App in 2023. The Group handled an average of approximately 91 thousand Online Channel orders per week in 2023, with an average of approximately 71.8 thousand Online Channel orders per week handled by third-party e-commerce providers in 2023. The average basket size for the Group's Online Channel was U.S.\$41. The Group has recently updated its approach to distribution of the Online Channel orders from dark stores to direct distribution from the Group's stores to improve the efficiency in handling the Online Channel orders by the Group.

Key areas of focus in relation to the online and mobile platform include: growing network of stores supporting distribution of the Online Channel orders; building online traffic to the Group's website and LuLu App; and gathering data on purchasing habits to identify consumption trends and patterns. The Group works with the in-house and third-party developers to continually enhance and improve the customers' shopping experience to strive to the highest e-commerce retail standards.

### **Store Portfolio Evolution**

The Group added 75 new stores during the period from 1 January 2021 until 30 June 2024, including 29 new stores in the UAE, 23 new stores in KSA, five new stores in Oman, nine new stores in Qatar, six new stores in Kuwait and three new stores in Bahrain.

In pursuit of optimising its store portfolio, the Group closed 13 stores during the period from 1 January 2021 until 30 June 2024 due to changes in catchment area population. Despite closing 13 stores, the Group achieved a net addition of 62 stores and expanded the aggregate Selling Space of its store network by 30.4% (or 301.6 thousand sq.m.) from approximately 1.0 million sq.m. to approximately 1.3 million sq.m. during the period from 1 January 2021 until 30 June 2024.

The following table shows the number of stores in the Group's network as at the 30 June 2024 and 31 December 2023, 2022 and 2021.

	<b>As at 30 June</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>UAE</b>	<b>103</b>	<b>102</b>	<b>98</b>	<b>88</b>
	63			

Hypermarket.....	43	41	39	37
Express Store.....	56	57	57	49
Mini Market .....	4	4	2	2
<b>KSA</b>	<b>54</b>	<b>53</b>	<b>51</b>	<b>46</b>
Hypermarket.....	25	24	21	17
Express Store.....	15	16	14	2
Mini Market .....	14	13	16	17
<b>Oman</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>28</b>
Hypermarket.....	21	20	20	20
Express Store.....	9	9	9	8
<b>Qatar</b>	<b>23</b>	<b>22</b>	<b>20</b>	<b>17</b>
Hypermarket.....	11	10	9	6
Express Store.....	9	9	9	9
Mini Market .....	3	3	2	2
<b>Kuwait</b>	<b>16</b>	<b>15</b>	<b>11</b>	<b>11</b>
Hypermarket.....	8	8	7	7
Express Store.....	8	7	4	4
<b>Bahrain</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>9</b>
Hypermarket.....	8	8	8	8
Express Store.....	3	3	1	—
Mini Market	1	1	1	1
<b>Hypermarket .....</b>	<b>116</b>	<b>111</b>	<b>104</b>	<b>95</b>
<b>Express Store .....</b>	<b>100</b>	<b>101</b>	<b>94</b>	<b>82</b>
<b>Mini Market .....</b>	<b>22</b>	<b>21</b>	<b>21</b>	<b>22</b>
<b>Total</b>	<b>238</b>	<b>233</b>	<b>219</b>	<b>199</b>

### ***Store Rollout Process and Maintenance***

The Group's management believes that the locations of the stores are crucial to the Group's business success. The Group has a store selection process spanning several criteria, including catchment areas, ease of access to population, high traffic zones, quality of the property and its adaptability to different layouts and neighbouring competitive landscape. The Group's store rollout process comprises five stages: (1) city/ location selection, (2) premises evaluation to determine the format of a store, (3) financial appraisal based on projected revenue, payback period and net present value, (4) negotiation of lease terms with potential landlords, and (5) fit out of the store, recruitment of personnel and marketing. New stores typically have a payback period (the time required for the store to generate sufficient cash flows to recover its initial investment cost) of three to eight years.

The Group uses similar exterior design for its stores under each format. The Group also employs broadly similar standards for the fundamental layout and interior design of its stores under each format, designed for the convenience of its customers and for operational efficiency, for example the Group's strategically designed in-store layout includes placing promotion products near the entrance, fresh food near checkouts, and wide aisles to enable better product display and easier access. The Group employs a differentiated approach to the mix of products offered at the stores depending on the local needs, for example, by stocking an expanded range of import products at stores that cater to Western expatriates.



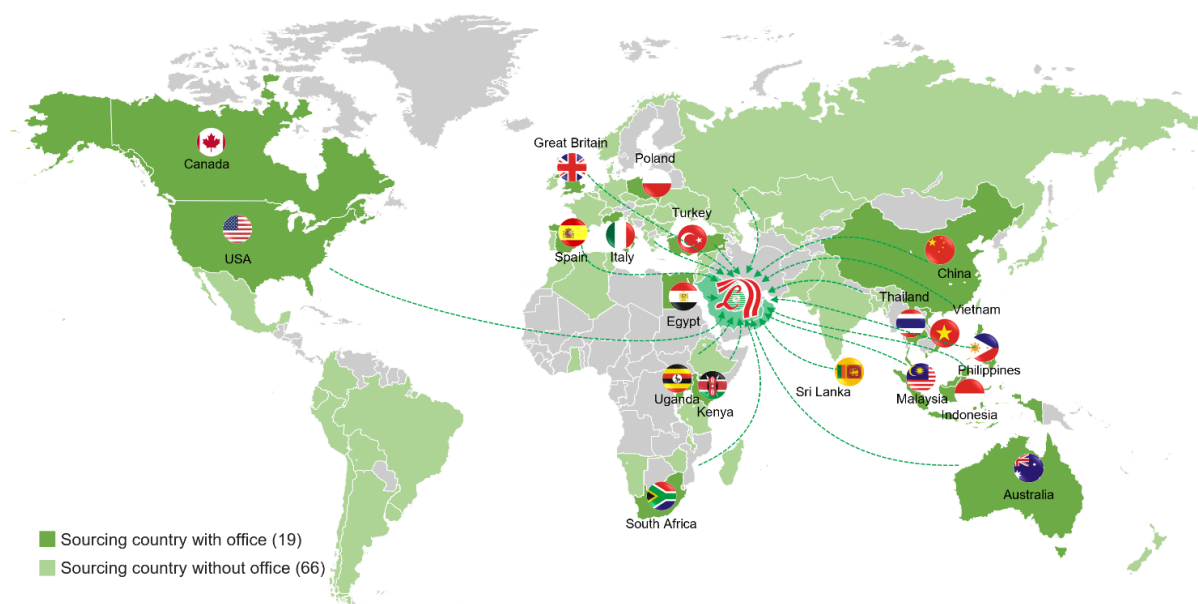
The Group conducts regular maintenance for the upkeep of its stores, which the Group’s operations team oversees. In general, major refurbishments are undertaken only when they are expected to materially impact store revenue.

## Sourcing and Logistics Network and Key Suppliers

### Sourcing Network

As at the date of this Prospectus, the Group sources products from suppliers from 85 countries, including 19 countries where the Group has a sourcing office. The Group’s suppliers include producers, as well as major regional and international (non-GCC) suppliers and distributors. As at 30 June 2024, approximately 82% were domestic (GCC) purchases, and approximately 18% were international purchases (direct imports and imports from sourcing centres). As of year-end 2023, the Group’s top three sourcing countries for imports, excluding GCC countries, were India (20%), China (20%) and USA (10%).

### Bringing the World’s Products to the GCC



No single supplier accounted for more than 1.3% of the Group’s spending on product supplies in the six months ended 30 June 2024. The Group sources products from multiple regions internationally, with the aim of mitigating supply risk, maintaining the availability of high-quality products throughout the year and providing support as a mandated food security partner in the UAE, Oman and Bahrain. For example, during the interruptions in supplies of onions from India the Group was able to source onions from other regions such as Sudan and Turkey.

The Group benefits from a centralised sourcing network by building strong relationships with its larger suppliers and leveraging scale of its buying power into lower costs. The Group expects that its continued expansion in the GCC will further increase its overall purchasing power. The Group also nurtures and cultivates relationships with smaller suppliers, especially those providing local/regional products, ideally resulting in higher volumes over the course of the relationship (resulting in better pricing).

The Group also procures and supplies a wide range of its Private Label SKUs under the

“LuLu”, “Cheflin”, “Universal Electronics” and a range of other private label brands to meet the needs of the Group’s diverse customer base. As at 31 August 2024, the Group had approximately 165 thousand Private Label SKUs, including fresh food (61% of the total Private Label’s sales in 2023), consumer packaged food (18%), lifestyle products (18%) and electrical goods (3%). For its Private Label products, the Group sources the majority of products from local, regional and international suppliers having manufacturing, processing or labelling agreements with the Group (approximately 67% of sales of Private Label products in 2023), with the remaining products produced by third party manufacturers (approximately 33% of sales of Private Label products in 2023). For the year ended 31 December 2023, the aggregate sales of the Group’s Private Label products amounted to approximately U.S.\$2 billion. For the six months ended 30 June 2024 and 2023, the share of Private Label products in the Group’s retail revenue was 29.4% and 29.1%, respectively. The Group aims to continuously expand and refine its range of Private Label products to stay adaptable and responsive to changing consumer preferences.

### **Key Suppliers**

The Group’s top 20 suppliers (identified by the Group based on gross purchases), accounted for 13.8% of the Group’s purchases for the six-month period ended 30 June 2024.

### **Supply Terms**

The Group is a party to a large number of supply agreement, with the majority of these agreements based on a template form adopted by the Group. Most of these agreements are for a term not exceeding two years, and they do not create any binding obligations on the Group to place any purchase order with the relevant supplier. The supply agreements include standard terms and conditions that would apply to the parties if and when any purchase orders are placed by the relevant subsidiary of the Group.

### **Supply Chain Management**

The Group’s streamlined supply chain is one of its competitive advantages (see “*Competitive Strengths—Strong Operational Backbone Supported by Global Sourcing Capabilities*”). The efficiency of the Group’s store operations, reliable global sourcing network, scaled logistics and distribution infrastructure help the Group maintain competitiveness and strong margins. The Group has end-to-end supply chain capabilities, including the following stages: (i) ordering stage, when third party/in-house production/processing receive automated orders from the Group’s distribution centre or the Group’s sourcing office; (ii) sourcing office stage, when the ordered products are received at the Group’s sourcing office and data-coded with Arabic labels and packaged; (iii) air/sea freight transportation stage, when the freight transporting the goods is tracked as it makes its way to the respective GCC market; (iv) distribution centre stage, when the goods arrive and are inspected before being transferred to the Group’s distribution centres, (v) last mile stage, when the products are loaded onto the Group’s trucks and dispatched to the relevant stores that submitted purchase orders; and (vi) final stage, when the stores receive products in accordance with their purchase orders. Besides ordering through sourcing centres, the Group also places direct orders to suppliers that arrange for shipment and delivery to the relevant distribution centres. Generally, if MOQ (Minimum Order Quantity) is not reached, the Group’s sourcing centres act as consolidation units and ship products after labelling and packaging, if required. Typically, all sourcing centres follow the same operating

model.

As at 31 August 2024, the Group has 21 distribution centres, with a total space of approximately 430 thousand sq.m., located in the UAE (seven distribution centres), Oman (five), KSA (four), Bahrain (two), Kuwait (two) and Qatar (one). The Group believes that the current network of warehouses and distribution centres has sufficient spare capacity to support stores rollout over the next four to five years without the need to open new distribution centres.

The Group's distribution centres and sourcing offices operate an integrated warehousing and distribution management system based on SAP ERP and WMS Logistics, developed to meet the Group's needs for efficient warehouse management and rapid expansion. This system allows the Group to have full visibility over the supply chain cycle, with all interactions taking place in real time, allowing data to be exchanged quickly and without slowing down other processes. The Group employs a centralised IT system for order tracking and reporting purposes that generates automated orders from the stores to the distribution centres or the Group's sourcing office and allows to ensure that the stores receive their ordered products within 24 hours of the auto-order being raised to the distribution centre. The advanced design and technology solutions at the distribution centres allow the Group to reduce time for sorting and proper dispatch of products to its stores.

The Group has long-lasting relationships with global freight carriers, but it is not dependent on any specific freight provider. The majority of the Group's imports are made on freight prepaid basis, where the sourcing centre or the supplier (for direct imports) pays the freight charges for transporting the products to the Group's specified locations.

The Group has a fleet of approximately 1,400 commercial vehicles directly delivering from local suppliers, warehouses and distribution centres to the stores. The use of its in-house delivery fleet gives the Group better reliability and quality of delivery services. In 2023, 54% of deliveries were performed by the Group's owned fleet, while 46% were by third party fleets.

Deliveries of products sold online through the Group's website and mobile application are made using the Group's delivery vehicles, supplier delivery for larger household products, and third-party e-commerce providers (see—“*Principal Operations — Online Channel*”).

### **Quality Assurance**

The Group has a strong focus on providing its customers with reliable quality products. The Group has a quality management system based on a set of internal quality assurance policies and procedures, including:

- evaluating quality requirements in supplier agreements;
- assessing vendor QA/QC processes and certifications;
- optimising order cycles and modes of transportation;
- setting parameters in the relevant systems for suppliers and freight forwarders;
- conducting quality checks upon arrival at the warehouse;
- sorting for defective products;
- monitoring and assessing stock on a daily basis.

The Group has established strict quality control procedures whereby it monitors the quality of products that end up on the shelves of its stores or online and checks product quality at all stages – from production to finished products, including at the Group’s distribution centres. The Group’s quality control measures include a review of production conditions at manufacturing facilities, assessing products in laboratories, responding to customer requests/complaints, and testing and tasting the Group’s Private Label products and third-party branded products. The products that do not conform with the Group’s standards are timely identified and promptly removed from the shelves or online upon detection.

In addition, the Group audits its suppliers and their goods before their selection and also on a regular basis during the term of the Group’s contractual relationship with them. In case of unsatisfactory audit results, the Group provides recommendations to the relevant supplier, agrees the deadline for the implementation of the improvement measures and then re-audits the relevant supplier. The Group is committed to maintaining long-term relations with its suppliers and works closely with them to eliminate key causes of quality problems and monitors improvement activities of its suppliers.

### **In-house Fresh Food Production**

As at 31 August 2024, the Group operated 28 central kitchens, including two standalone central kitchens in the UAE and Oman and 26 central kitchens located in Hypermarkets. The Group’s 28 central kitchens have served over 184 of its stores.

As at 31 August 2024, the Group’s standalone central kitchens produced around 600 SKUs per store (all fresh food), including ingredients that were further processed at the in-store central kitchens into finished products. Fresh food produced in-house accounted for 2.5% of total Private Label SKUs or 22% of the fresh food category of Private Label SKUs as at 31 August 2024. The Group’s central kitchens employed over 400 staff members as at 31 August 2024.

The Group continuously invests in its in-house production capabilities, for example, through upgrading the equipment in use at the central kitchens and training and professional development sessions offered to the staff employed at the central kitchens. For example, the Group has replaced regular chillers with blast chillers which, among others, allow for quicker cooling cycles and to better preserve the texture, flavour and nutritional value of food.

Fresh food products prepared by the Group’s central kitchens are complemented by in-store production at the Group’s Hypermarkets and Express Stores of fresh food products, including bakery items, butchery, meal solutions and produce.

### **Product Mix**

The Group aims to provide a comprehensive range of quality products at competitive prices to its customers. The Group’s management believes that the quality of the Group’s suppliers plays a key part in the procurement strategy. See “——*Sourcing Network*.”

The Group regularly reviews its product mix and new product opportunities to respond to changing demands of customers and to provide a broader choice to customers than the Group’s competitors. The Group follows data-driven decision making procedures to product assortment, which include thorough market research, continuous monitoring of consumer trends, tracking real-time sales performance and leveraging customer feedback.

The Group's principal product categories include consumer packaged goods (54% of the sales value in 2023), fresh food (21%), electrical goods (14%) and lifestyle products (12%).

In addition, the Group is focused on developing the Private Label products because they are a source of differentiation from competitors and carry higher margins. Private Label products also reduce reliance on suppliers of brand name products. With their lower costs, the Private Label products enhance the Group's gross margins and contribute towards improving overall profitability. See "*Sourcing and Logistics Network and Key Suppliers — Sourcing Network*". The Group actively tracks market demands and seeks opportunities to increase the share of private Label products. For example, during the COVID-19 pandemic the Group was able to source masks, sanitizers and other high-demand products under its Private Label to cater to the increased demand.

## **Sales and Promotions**

### ***Pricing Strategy***

The Group's pricing strategy is designed to offer products at competitive prices to customers, taking into account the market positioning of the Private Label products, as well as the product features of each product category. The Group continually monitors market prices and trends and implements appropriate adjustments to retail prices for its products and promotions as and when necessary.

### ***Promotions***

The objective of the Group's marketing activities is to drive customer traffic, improve brand loyalty and awareness, promote its products and evaluate market information and trends. The Group's marketing campaigns are structured around price promotions communicated across multiple advertising channels, including direct marketing, advertising via in-store communications, the Internet and media (television, radio, social media), point-of-sale materials, printed materials (weekly brochures or digital flyers), point-of-sale marketing, mall displays, outdoor advertising, in-store product tastings and targeted promotions for registered users of the Happiness Programme. The Group runs its campaigns in Arabic, English, Hindi, Malayalam and Tagalog to ensure a broad reach among its customer base.

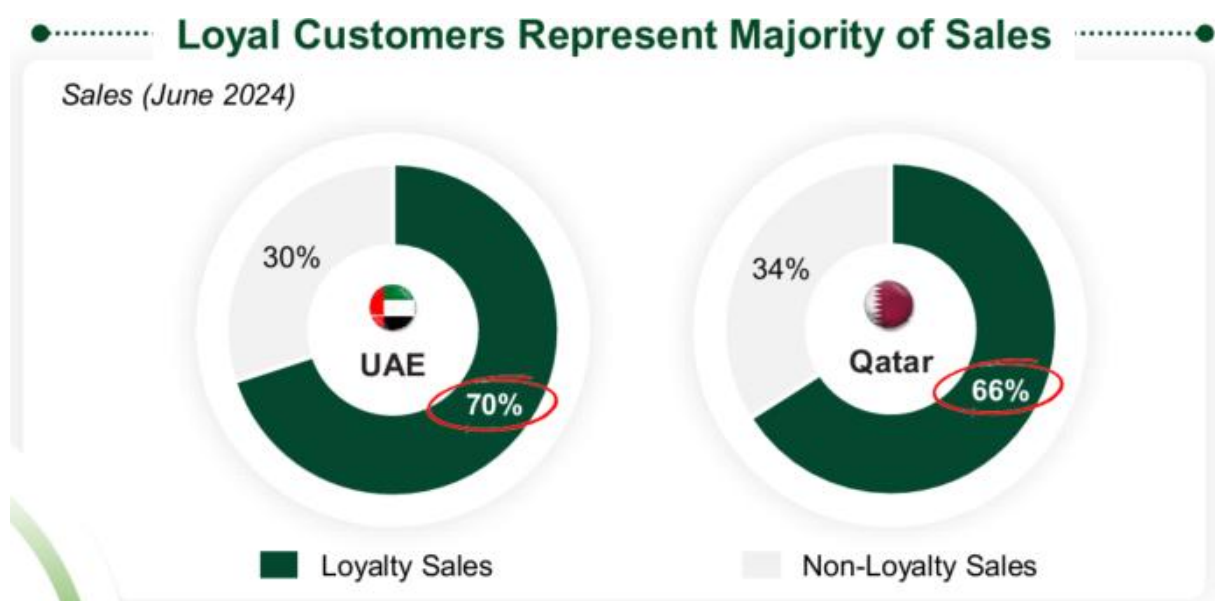
The Group has a primary focus on effective direct marketing leaflets in the form of brochures or digital flyers that advertise competitively priced products in addition to the Group's products on offer. The Group regularly and frequently undertakes a range of promotional activities, together with its suppliers to promote suppliers' products at the Group's stores. The Group's price promotions include periodic and seasonal price reductions on the products it sells, including LuLu Shopping Fest, which offers large discounts on a broad selection of items across the Group's product range for a limited time, as well as weekly campaigns that offer discounts on specific brands or categories of products.

In addition, the Group employs in-store tastings, in-store promotional signage and product sampling. To promote its Private Label products, the Group typically introduces new Private Label products at a lower price for a limited period of time and promotes them with various in-store promotional activities, such as taste testing against similar branded products and promotional posters highlighting price comparisons between Private Label products and similar branded products.

The Group also believes that partnerships are important in promoting brand awareness and driving customer traffic. The Group partners with major retail banks and Mastercard through co-branded credit card programmes and exclusive discounts. The Group also offers discounts to holders of the Faza'a card, a social benefit programme from the Ministry of Internal Affairs of the UAE, and partners with governments and affiliated entities and organisations across the GCC. In addition, the Group has partnered with a leading BNPL service provider in the GCC region, to offer customers instalment-based purchases. The Group launched a revamped gift card program with a successful marketing campaign in 2018, with gift card sales growing by approximately 2.4x between 2018 and 2023, helping to identify and obtain new customers with higher basket value.

### **Happiness Programme**

The Group launched its loyalty programme, Happiness Programme, in the UAE in 2023 and in Qatar in 2024. The table below shows some statistics on the Happiness Programme.



As at 31 August 2024, the number of registered members of the Happiness Programme in the UAE was approximately 1.9 million, representing approximately 19% of the total population of the UAE in 2023, and the number of registered users in Qatar was approximately 551 thousand, representing approximately 18% of the total population of Qatar in 2023. According to the Group's estimates based on data as of June 2024, approximately 70% of sales in the UAE and 66% in Qatar were generated by registered users of the Happiness Programme. The average basket size for registered users of the Happiness Programme is approximately 1.7 times and 1.4 times (based on the monthly data for June 2024) higher than that of customers not registered in the Happiness Programme in the UAE and Qatar, respectively.

Registered members of the Happiness Programme enjoy the following rewards: collect and track points that can be used to obtain a discount on the products at the Group's stores, receive partner benefits (cinema, Zee5, Table), participate in special promotions, receive personalised offers based on purchase history and patterns, and get instant discount vouchers on select products.

## **Employees**

As at 30 June 2024, the Group employed approximately 55 thousand full-time employees, as compared to approximately 52 thousand, 51 thousand and 50 thousand full time employees as at 31 December 2023, 2022 and 2021, respectively. The Group had an average employee attrition rate of approximately 17% across 2021 to the six-month period ended 30 June 2024, with 24% of the Group's full-time employees had a tenure with the Group of over ten years as at 30 June 2024.

In 2023, the Group's employees hailed from over 48 nations, of which 84% were male and 16% were female. In 2023, 96% of the Group's employees are in retail, whereas 2% are in wholesale, 1% in sourcing and another 1% in headquarters.

Of the Group's female workforce, approximately 48% were in professional roles and approximately 52% were in semi-skilled and unskilled roles.

### ***Employee Benefits***

The Group endeavours to provide employee compensation that it considers to be competitive with other organisations in the GCC. The Group also provides a range of employee benefits, such as health insurance and training programmes. Different types of leave are accorded to employees, including annual leave, exam leave, compassionate leave, sick leave, leave without pay and other types of special leave. These employee benefits are periodically reviewed to assist the Group with attracting and retaining a skilled workforce.

In addition, in the UAE and other Markets, the Group provides end of service benefits to foreign national employees as mandated by the applicable laws. Entitlement to these benefits is based on the employee's length of service and the completion of a minimum service period. Local national employees typically benefit from a government instituted pension plan to which both the Group and local national employees contribute at prescribed rates.

### ***Emiratisation***

The UAE government imposes a mandatory ratio of Emirati employees to skilled expatriate foreign employees that the local companies must employ in the UAE. The relevant mandatory ratio for the Group's UAE subsidiaries is set at 6% for 2024 and 8% for 2025. As at the date of this Prospectus, the Group believes that its UAE subsidiaries are on track to meet the 2024 ratio. The Group is committed to increasing the proportion of its staff employed in the UAE who are UAE nationals and to develop their training and expertise.

### ***Saudisation***

Lulu Saudi Hypermarkets LLC (Single Shareholder) is compliant with Saudisation requirements as at the date of this Prospectus, and it is classified under the 'Green' category according to the "Nitaqat" program. In June 2011, the former Ministry of Labor (now the Ministry of Human Resources and Social Development) of the KSA introduced the "Nitaqat" program, which categorises private businesses into four categories, depending on their Saudisation level and total number of employees. Through the "Nitaqat" program, the performance of any company is evaluated based on specific categories (classifications), and businesses receive incentives or penalties depending on the category that they belong to, particularly in relation to visa applications, transfers and renewals.

### ***Other Markets***

In addition, Oman, Kuwait and Bahrain each have similar regulations in place which impose requirements to source prescribed percentage of the employees and personnel from Omani, Kuwait and Bahrain nations.

As of the date of this Prospectus, the Group's subsidiaries in Oman, Kuwait and Bahrain are in compliance with the relevant regulations. The Group is committed to increasing the proportion of local nationals employed in the relevant jurisdictions and to develop their training expertise.

### **Environmental, Social and Governance**

To address the impact of its business on the environment and in the communities where it operates, the Group takes an integrated approach to sustainability, which includes the implementation of strategic ESG initiatives designed to drive value and mitigate key risks, supported by a comprehensive corporate governance framework, including:

- (a) the Board of Directors plays a key role in overseeing and guiding the Group's sustainability efforts, with annual review of the Group business plan;
- (b) Senior management team regularly updates the Board of Directors and works closely with the Sustainability Department to implement the ESG strategy;
- (c) Sustainability Department manages the day-to-day implementation of the ESG strategy and initiatives, it also manages the organisation's impact on the economy, environment and people, incorporating sustainability into strategic decision making; and
- (d) over 30 designated sustainability champions from each region report on sustainability issues and performance from each region to the Sustainability Department.

To help govern the organisation internally towards our ESG goals and to maintain credibility in our approach, we have developed certain policies, which include the ESG Policy; Anti-bribery and Corruption Policy and Procedure; Code of Conduct; Human Rights Policy; Data Privacy and Security Policy; and the Employee Wellbeing Policy.

The Group's key sustainability initiatives include:

- (i) Circular economy initiatives include embedding sustainability practices into our business operations. Some initiatives include recycling used cooking oil by the waste contractor, implementing eco-friendly packaging solutions, installing reverse vending machines in the UAE and Qatar (39 and 20 reverse vending machines respectively) to promote recycling, utilising ORCA digesters technology (an innovative clean food waste disposal system) for waste management and establishing refill stations for various products to promote the reuse of packaging. To enhance its sustainability efforts, the Group has formed strategic partnerships with leading organisations, including NorthLadder for the recycling of electronic waste and receiving of discounts on new purchases and Sparklo for the installation of reverse vending machines. In addition, the Group is conducting a pilot textile circularity initiative at select stores to take-back school uniforms to reduce textile waste going to landfills, and has currently



scaled the programme to 17 stores across the UAE. The Group's ongoing efforts have yielded significant results. In 2022, the Group collected approximately 37 thousand plastic bottles and metal cans, while as at 31 May 2024, the Group collected around 11.7 million plastic bottles and metal cans, with targets to increase this collection to 32 million for 2025. The Group has fully phased out single use plastic bags in its stores in Abu Dhabi and Dubai.

- (ii) Environmental management initiatives such as the implementation of energy efficiency improvements aimed at reducing consumption and costs, such as retrofitting stores with LED lighting, installing centralised refrigeration systems, installing efficient HVAC systems and integrating smart monitoring devices, as demonstrated by the Group spending approximately SAR 4 million on such sustainable store fit outs in KSA alone in 2022. Additionally, water-saving measures such as low-flow taps, water softening systems, and reusing water for landscaping are being adopted by the Group. The Group adheres to sustainability standards at both regional and international levels, including the Global Sustainability Assessment System (GSAS) certification in the MENA region (12 stores hold the certification) and ISO 14001 in Thailand, and actively collaborates with recognised sustainability initiatives such as Green Riyadh (in line with KSA's "Vision 2030") and the Green Corner Initiative in Abu Dhabi in partnership with Abu Dhabi Distribution Company. To support the decarbonisation efforts, the Group has committed to achieving low carbon operations and currently developing a decarbonization plan (including baselining scope 1 and 2 emissions to determine a credible target), some strategic initiatives include energy efficiency upgrades, on-site renewable energy, and installation of refrigerant leak detection mechanism. The Group currently has 304 kWp of installed solar capacity, with an additional 4,948 kWp planned capacity, of which 530 kWp is planned in KSA while 4,418 kWp is planned in Bahrain.
- (iii) Community initiatives such as promoting locally made products and supporting local farmers, fish markets and small and medium-sized enterprises, supporting children in the community and food donations and Iftar meal distribution to alleviate hunger. The Group has partnered with the UAE Food Bank to donate edible food items and distribute Iftar meals during Ramadan (across KSA, UAE, Bahrain and more). The Group also plays an active role in driving health campaigns to drive awareness and support the community, these include blood donation drives and raising awareness around breast cancer. The Group actively participates in Qatar Sustainability Week and promotes circularity by distributing reusable bags, conducting beach clean-ups, and coordinating e-waste collection. Further, to promote access to healthy and sustainable food options, the Group follows clear nutritional labelling and has separate shelves for sugar-free, gluten-free, organic and vegetarian food items in its stores. In 2023, the Group had 583 own brand products to promote a healthier diet (meaning less sugar, salt, saturated fatty acids, and free from additives), and 334 organic products (with targets to increase both product suites to expand the offering), with plans to increase those products to targets of 800 and 400, respectively. The Group invests in its workforce, as demonstrated by the fact that in 2023 training hours for its employees increased by 11% from 2022 with the ambition to further increase the provision of training through 2024. In addition, women constituted 17% of the Group's

workforce in 2023, with an approximately 38% increase in female middle managers between 2021 and 2023. The Group is committed to fostering a diverse, equitable and inclusive workforce and a safe workplace. Key workforce initiatives and outcomes include professional development and mentorship programmes, focused efforts to increase gender and age diversity (74% of MENA workforce are under-35 years old in 2022) and to ensure compliance with nationalisation requirements, comprehensive training programmes to enhance skills and career development and maintain job satisfaction.

## **Health and Safety**

Food safety is a key priority of the Group, as well as the health and safety of the Group's consumers and employees. The Group employs tools including case assessments, coordinating with local authorities, chemical approvals, fogging and isolation and quarantine requirements to help it to meet applicable food safety and health and safety standards.

The Group manages and maintains certifications both at the local and international levels, including, HACCP, ISO 22000 and ISO 9001 across select stores (while its suppliers are required to hold relevant certifications and approvals), and employs a diverse team of technical professionals with knowledge and experience in food safety and health and safety systems.

To date, the Group has implemented an ESG policy that includes its commitments to health and safety standards. The Group has not recorded any major injuries in 2021, 2022 and 2023.

## **Insurance**

The Group maintains insurance coverage that it believes is in line with standards adopted by the retail market in the GCC, including property insurance. The Group's assets are evaluated for any particular risks and asset valuations and risk assessment surveys are carried out in order to enable the Group to take all necessary preventative steps to minimise the risks of accidents and losses. The Group has also obtained insurance for product liability as part of its comprehensive general liability insurance policy. See "*Risk Factors—Risks Related to the Group's Operations and Industry —The Group is not fully insured against all potential hazards and risks incidental to its business and its insurance coverage may not adequately cover its losses*".

## **Properties**

As at 31 August 2024, the Group has 240 stores, 21 distribution centres and 19 sourcing offices. Of the total stores, distribution centres and sourcing offices, 231 stores, 18 distribution centres and 16 sourcing offices are leased from third parties and related parties, while seven stores, three distribution centres and one sourcing office are owned buildings on leased land. The remaining two stores and two sourcing offices are owned by the group.

The Group's leases for its stores, offices, distribution centres and centralized kitchens are for periods varying generally between 3 and 40 years, with an average lease term of 15 years, for a fixed rent amount with step-up options, with a limited number of leases containing rent clauses based on turnover.

## **Intellectual Property**

The Group owns and has the right to use 1,894 registered trademarks for the LuLu brand

consisting of the word or element “LULU” and/or “L” logo (including trademarks of subsidiaries), which are registered in 32 countries (including KSA, UAE, Kuwait, Oman, Qatar, Bahrain, Jordan, Malaysia, Pakistan and Lebanon) for use in the relevant territories and other international jurisdictions. The Company has a perpetual licence (or, where not allowed, has the longest term permitted under applicable law in each relevant jurisdiction) to use the licenced name and logo in respect of the stores in the relevant territories (see “*Related Party Transactions*”).

### **Information Technology**

The Group has well invested, hybrid infrastructure, with its core processes running on SAP ERP, including finance and controlling, human resources and payroll, materials management, sales and distribution management. The Group’s warehouse management is optimised using specialised WMS. In addition, the Group utilises SAP Process Orchestration to streamline and integrate business processes spread across multiple business systems like ERP, POS, E-Commerce and WMS. In order to derive customer insights, the Group also uses SAP Customer Activity Repository and a custom Customer Data Platform built on a cloud data lake.

The Group has one website, with custom-built front and back-ends, and one proprietary mobile app, LuLu App, both of which facilitate online ordering.

The Group employs a range of data protections tools and measures, including a unified cloud identity system, to ensure the efficient management and protection of data it collects as part of its processes. The Group is an early adopter of XDR (extended detection and response) having replaced traditional antivirus solutions with XDR featuring machine learning, behaviour analysis, and correlation capabilities. In addition, all security incidents are managed through a third-party managed security service provider.

### **Litigation**

From time to time, entities within the Group are a party to non-material disputes that arise in the ordinary course of its business, none of which are expected to have a material adverse impact on the Group’s financial position or profitability, even in the event there is an adverse finding against the relevant Group entity.

The Group has not been involved in any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the last 12 months preceding the date of this Prospectus which may have, or have had, a significant effect on its financial position or profitability.

### **Recent Developments**

The Group had provided corporate guarantees towards banking facilities obtained by related parties amounting to USD 3,339 million as at 30 June 2024. Furthermore, the Group had provided corporate guarantees towards banking facilities obtained together with related parties amounting to USD 265.0 million as at 30 June 2024. All these guarantees have subsequently been released by the lending banks.

## 1. Statement of Capital Development

### Company's current share capital structure before commencement of the Offering

On 23 September 2019, the Company was incorporated with a share capital of USD 100 (which is equivalent to AED 367 (three hundred sixty-seven UAE Dirhams)).

The capital of the Company as at the date of this Prospectus has been fixed at USD 144,604,674.90 (which is equivalent to AED 531,060,669 (five hundred thirty one million sixty thousand six hundred and sixty nine UAE Dirhams), divided into 10,328,905,350 (ten billion three hundred twenty eight million nine hundred and five thousand three hundred fifty) Shares with a nominal value of USD 0.014 each (which is equivalent to AED 0.051). All Shares are equal in respect of all rights.

The following table illustrates the Company's ownership structure before and after completion of the Offering:

As at the date of this Prospectus:

#### Before Offering

Name	Nationality / Country of Incorporation	Type of shares	Number of shares owned	Total value of shares owned*	Ownership proportion
Lulu International Holdings Limited	United Arab Emirates	ordinary	10,328,905,350 Shares	USD 144,604,674.9	100%

*\*Based on the nominal value*

#### After Offering

Name	Nationality / Country of incorporation	Type of shares	Number of shares owned	Total value of shares owned*	Ownership proportion
Lulu International Holdings Limited	United Arab Emirates	ordinary	7,746,679,012 Shares	USD 108,453,506.20	75%
Successful Subscribers at Listing	Various	ordinary	2,582,226,338 Shares	USD 36,151,168.70	25%

*\*Based on the nominal value*

## **2. Company's capital structure upon completion of the Offering**

Upon the completion of the Offering, the Company's paid-up share capital shall be USD 144,604,674.9 equivalent to AED 531,060,669, divided into 10,328,905,350 (ten billion three hundred twenty eight million nine hundred five thousand three hundred fifty) Shares with a nominal value of USD 0.014 (which is equivalent to AED 0.051) per Share.

Assuming all of the Offer Shares are allocated, the Selling Shareholder shall hold 75% of the Shares upon Listing as set out above. The Company has presented its plan to the SCA for the Selling Shareholder to offer 25% of the total share capital. The Selling Shareholder reserves the right to amend the size of the First Tranche, the Second Tranche and the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws and the approval of the SCA.

No. of Selling Shareholder's Shares:	7,746,679,012 (seven billion seven hundred forty-six million six hundred seventy-nine thousand twelve) Shares
No. of total Subscribers' Shares (assuming all Offer Shares are allocated including all Tranches mentioned under the Prospectus):	2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) Shares
Total:	10,328,905,350 (ten billion three hundred twenty-eight million nine hundred five thousand three hundred fifty) Shares

## **3. Statement of the status of litigation actions and disputes with the Company over the past three years**

The Company has not been involved in any material, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) preceding the date of this Prospectus which may have, or have had, a significant effect on its financial position or profitability.

## **4. Statement of the number and type of employees of the Company and of its subsidiaries**

As at 30 June 2024, the Group employed approximately 55 thousand full-time employees.

## **5. Accounting policies adopted by the Company**

The Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of ADGM regulations.

## **6. Statement of Company's financings, credit facilities and indebtedness and the most significant conditions thereof**

See “Material events and contracts concluded by the Company (including related party agreements)”

**7. Statement of current pledges and encumbrances on the Company’s assets**

See “Material events and contracts concluded by the Company (including related party agreements)”

**8. Investment Risks**

*Investing in and holding the Offer Shares involves financial risk. Prospective investors in the Offer Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Offer Shares that should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Offer Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Offer Shares. Additional risks and uncertainties not currently known to the Company or which it currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Company’s business, results of operations, financial condition, prospects or the price of the Offer Shares.*

## **Risk Factors**

*Any investment in the Offer Shares is subject to a number of risks. Prior to investing in the Offer Shares, prospective investors should carefully consider the risk factors associated with any investment in the Offer Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Group, its industry and the Offer Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Offer Shares. However, as the risks that the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risk factors detailed below are not an exhaustive list or explanation of all risks that investors may face when making an investment in the Offer Shares. The risk factors detailed below and additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition, prospects and/or ability to pay dividends and, if any such risk should occur, the price of the Offer Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Offer Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

### **1. RISKS RELATING TO THE GROUP'S OPERATIONS AND INDUSTRY**

#### **1.1 A decrease in the number of consumers or levels of consumer spending, as well as changes in customer habits, may have a negative impact on the Group's business and results of operations**

The Group's revenues mainly depend on the level of sales to its customers, which are subject to general risks inherent to the retail sector. Retail sales, including in the grocery sector, are subject to rapid and occasionally unpredictable changes in the behaviour of consumers, which may be influenced by general fluctuations in economic factors beyond the Group's control, including but not limited to levels of disposable income, levels of taxation, consumer spending (including discretionary spending on foodstuffs and dry goods), general confidence in the economy and changes in consumer preferences and demographics. In addition, the success of the Group's business depends on its ability to maintain a comprehensive and appealing product selection and mix, while anticipating and responding in a timely manner to changing consumer demands and preferences.

For instance, the adoption of e-commerce has grown for the Company, with e-commerce retail store sales growing from USD 75 million in the year ended 31 December 2021 to USD 192 million in the year ended 31 December 2023. Consumer spending may increasingly become allocated to online and mobile applications. A shift in spending towards e-commerce and other alternative retail channels may lead to a decline in consumer traffic in the Group's stores and may not be accompanied by an equivalent, or any, increase in sales via the Group's e-

commerce channels, which would result in, among other things, a decline in overall consumer spending through the Group's sales channels and would adversely affect the Group's business, results of operations, financial condition and prospects. Consumer demands and market trends in the Group's Markets are changing at a rapid pace, and acceptance of new products is affected by a number of factors, including prevailing economic conditions, disposable income, global lifestyle trends, price, functionality, technology, appearance and many other factors. It is possible that some of the products the Group offers will not achieve widespread consumer acceptance and may become outdated. The success of the Group's operations further depends on the Group's continued ability to select products from suppliers, or produce its own products, that satisfy consumers' demands, which in turn depends on the availability of such products, suppliers' rates, the level of competition and ensuring diversity of sources. The Group's business depends largely on products for resale and Private Label products that are purchased through more than 400 suppliers. If the Group were unable to respond to consumer demand or to market changes, it could result in under or over stocking of inventory, increase the Group's loss rate and adversely affect the Group's business, results of operations, financial condition and prospects. See "*Failure to maintain optimal inventory levels could increase the Group's loss rate or cause it to lose sales, either of which may have a negative impact on the Group's business and results of operations.*"

Further, the Group operates its network of stores organised under three formats as well as e-commerce. These formats have different size and location profiles to meet a diverse set of customer needs. See "*Business Description - Principal Operations*". As customer preferences change, one or several of these formats could become more or less popular. Should one of the formats become more popular among consumers, the performance of the Group's stores in the other formats could be negatively affected. The Group has observed increased customer preference in some of its markets, particularly in urban areas, for stores that fit its Express Store or Mini Market profiles. Should these trends continue or increase, and should the Group's competitors offer similar formats in a manner more attractive to customers than the Group, it could adversely affect the Group's business, results of operations, financial condition and prospects.

Fluctuations in economic factors beyond the Group's control, such as the availability of credit for consumers, prevailing financing rates, unemployment rates, salary levels and tax rates, cost of utilities, or partial or full removal of subsidies provided by governments, may also affect consumer spending and demand for products at the Group's stores. If the Group were unable to respond to market changes, the Group's financial performance will be negatively affected.

In addition, developments affecting the areas in which the Group's stores are situated may also affect consumer spending, including demographic changes as well as changes that affect easy access by consumers. A large proportion of customers depend on private cars and availability of parking space in close proximity to the Group's stores. The periodic closure or diversion of roads due to maintenance infrastructure works carried out on the roads or surrounding areas leading to one or more of the Group's stores may lead to a negative impact on the number of consumers shopping at the relevant stores. In addition, any changes in the demographic composition of consumers, the number of people living near or around specific stores, including changes in average income levels and brand preferences among consumers, new retail trends, changes in consumer behaviour and methods of shopping may adversely impact the Group's business, results of operations, financial condition and prospects.



### **1.2 *The Group's business and results of operations may be negatively affected by changes in the Group's supplier support incentives***

The Group's financial performance, particularly, with respect to the profitability of the Group, is affected by the commercial terms agreed with its suppliers. In particular, the Group reduces its cost of revenues under the terms of its supply agreements by agreeing to provide certain benefits to its suppliers, which are generally referred to as supplier support incentives. These incentives, which vary from contract to contract, may include (i) agreeing to prominently display a supplier's products in the Group's stores, (ii) opening new stores, (iii) selling an agreed-upon volume of the supplier's products, (iv) in-store promotion of samples of a supplier's products and (v) offering storage capacity to a supplier in one or more of the Group's stores. See "*Business - Sourcing Network and Key Suppliers - Supply Terms*".

The Group may not be able to maintain the current commercial terms of its supplier support incentives if it is unable to maintain its competitive position in the markets where it operates and/or due to volatility in market conditions.

The financial condition of the Group's key suppliers may also deteriorate in the future due to a number of factors. In recent years, economic conditions in the retail market in some of the markets where the Group operates, have been challenging and the retail industry has been negatively affected. This may result in, among other things, a reduction in the number of suppliers requesting promotional and advertising activities or a reduction in demand for shelf rental, each of which would lead to a reduction in profits of the Group from supplier support incentives. If the financial condition of suppliers were to deteriorate, this could lead to a reduction in the supplier support incentives generated by the Group.

If the commercial terms of the supplier support incentives were to change adversely for the Group, or should the Group cease to benefit from any of the competitive advantages or the negotiation strength it has historically enjoyed in the markets where the Group operates, the Group's business, results of operations, financial condition and prospects would be adversely and materially affected.

### **1.3 *The Group operates in a competitive industry and the Group's business and results of operations may be negatively affected if the Group is unable to compete***

The retail industry in the markets where the Group operates, and in particular the operation of grocery retail stores, is competitive, and such competition may increase and intensify in the future. The Group faces competition from domestic and international operators of stores, department stores, specialty retailers, discount stores, online retailers and other forms of retail business in the areas where the Group currently operates and where it may open new stores in the future. The Group may not be able to effectively compete with present and future competitors, and changes in the competitive environment could cause a reduction in its margins and cause the Group to lose or reduce market share.

In particular, the Group competes with other retailers based on, among other things: price of products; the degree of store brand recognition for the quality of products, services and store image; the location and size of a store; the reputation, mix and quality of the brands and products offered; the quality of customer service; and the ability to understand and respond to consumer demands in a timely manner. A number of different competitive strategies could

have a material adverse effect on the Group's business, results of operations and financial condition, including, among others:

- adoption of aggressive pricing strategies, improved merchandise mix, innovative store formats or retail sales methods by the Group's existing or new competitors;
- entry by new competitors into the Group's current markets and increased competition from other international and local players, including other grocery retailers; and
- two or more competitors merging or forming strong alliances and offering superior quality service at lower cost due to increased efficiency.

**1.4 *The Group may not be able to implement its strategy at all times, which could impact its ability to achieve its growth strategy and adversely impact its business, results of operations and financial condition***

The Group's future performance depends on its ability to implement its strategy, which as at the date of this Prospectus, includes driving Like-for-Like Sales Growth, growing market share and network through new store rollouts, improving operational efficiencies and leverage driven by scale and exploring further upside opportunities. However, there can be no assurance that the Group will be successful in implementing its strategy. The successful implementation of the Group's strategy objectives will depend on several factors including, but not limited to:

- the Group's ability to successfully manage its existing stores and integrate the new stores and achieve related synergies;
- the Group's ability to identify suitable sites for new stores under terms and conditions that are favourable to the Group;
- the Group's ability to successfully maintain and expand its relationships with third-party e-commerce providers;
- the Group's ability to negotiate and obtain acceptable terms from suppliers, including its ability to negotiate with suppliers and secure terms that are acceptable and / or similar to those with key suppliers;
- the Group's ability to introduce an optimal mix of products including Private Label products that successfully meet local consumer preferences at attractive prices and maintain quality standards;
- the availability of sufficient financing, including through the Group's existing resources and through third-party sources on acceptable terms;
- the Group's ability to appropriately build out its distribution and supply chain capabilities in order to support its store network;
- the effectiveness of the Group's marketing campaigns;
- the competition that the Group faces from incumbent and new players in its areas of operations;
- the Group's ability to hire, train and retain skilled personnel and employees;

- the Group's ability to monitor its operations, controlling costs and maintaining effective quality and service controls; and
- favourable economic, regulatory, and market conditions, which are outside of the Group's control.

As a result of any of the above factors, the Group's revenues may not grow at the same rate as in the past and/or the Group may incur costs without benefitting from the expected revenues of new stores in the future. Accordingly, the Group's results of operations may be negatively affected if any of these factors significantly delay, prevent or hinder the Group from opening and realizing the benefits from any of its new stores. In particular, if the Group's stores in the markets where it operates do not break even or achieve the projected levels of profitability within the expected timeframe, or at all, the Group may decide to shut down some of its stores and delay or roll back its expansion strategy. There can be no assurance that any new store will be profitable or will achieve its projected investment returns. There is also a cannibalization risk that opening new stores could adversely affect the revenues in existing stores located in the same city or area.

Accordingly, the Group's operations may be negatively affected if changes in circumstances, including any of the above factors significantly delay, prevent or hinder the Group achieving any of its strategy objectives, which in turn would adversely and materially affect the Group's business, results of operations, financial condition and prospects.

**1.5 *The Group depends on its ability to identify suitable locations for new stores and lease or potentially acquire appropriate real estate on commercially acceptable terms and build new stores on newly acquired or leased sites***

The Group's performance depends on the location of its stores. When selecting a site for a new store, the Group takes into account various factors, including:

- population density, customer traffic and vehicle traffic;
- customer accessibility;
- potential growth of population in the markets where the Group operates;
- estimated spending power of the population and local economy;
- profitability and payback period, estimated on the basis of the expected sales potential;
- marketing or strategic benefits;
- proximity and performance of competitors in the surrounding area; and
- site characteristics and suitability with the specifications of the Group's building plans.

As at 31 August 2024, 227 out of 240 of the Group's stores are leased. The Group's ability to open new stores in advantageous locations is heavily dependent on identifying and leasing or potentially purchasing land plots and/or premises that are suitable for the Group's needs on commercially reasonable terms and successfully developing and opening stores on those plots. The market for property in metropolitan areas in the UAE, KSA and other Markets is highly competitive. The Group faces competition not only from other retail industry participants but also from a variety of other industries, including, for example, non-food retailers. If the Group misses an opportunity to identify and secure a sufficient number of premises and/or

land plots for any reason, including competition from third parties seeking similar premises and land plots, the Group's strategy may be adversely affected.

Even after the Group locates and procures rights to suitable land plots and premises, the Group is typically required to obtain approvals from governmental authorities in order to arrange utility services and road access (if needed), undertake construction and to secure the Group's rights to operate stores or to refit or refurbish stores. Approvals may also be required in order for the Group to expand and/or renovate its existing facilities. Obtaining such necessary approvals may require extensive documentation and be time-consuming. The Group may be unable to predict accurately how long it will take to obtain such approvals. Further, delays by third party contractors involved in the construction, refurbishment and refit of sites may result in the opening of the Group's stores being delayed. Consequently, there can be no assurances that the Group will successfully identify and purchase or lease suitable land plots and/or premises on acceptable terms or at all, or obtain the relevant approvals required to expand or renovate its stores, which will have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

#### **1.6 *The Group may be unable to renew or replace its store leases or enter into leases for new stores on commercially acceptable terms***

The Group leases the sites for its stores, offices, distribution centres and centralized kitchens for periods varying generally between 1 and 40 years for a fixed rent amount with step-up options, with a limited number of leases containing rent clauses based on turnover. Although the Group typically enters into long-term lease agreements (*i.e.*, on average, for a period of 15 years), its inability to maintain the continuity of lease contracts for these sites, and to renew them on terms no less favourable than the current ones, may adversely affect the Group's business, results of operation, financial condition, and future prospects.

If the Group is unable to renew any of its lease contracts for any reason, the Group may need to search for other sites, which could potentially be higher in cost or otherwise on less favourable terms, as well as suffer any incidental additional capital expenditures, operating costs, marketing and additional administrative costs incurred. It is possible that the Group will renew its lease contracts of sites rented for new periods but with a rental cost higher than before. This would adversely and materially affect the Group's business, results of operations, financial condition and prospects.

In recent years, the real estate sector in the UAE, KSA and other markets where the Group operates has experienced several fluctuations in rental rates as a result of market factors, such as an increase in demand for retail space which could result in increasing rental rates.

While it may have the option to renew certain leases, the Group typically needs to renegotiate the terms of renewal and lessors may insist on substantive changes to the terms and conditions of a lease agreement. If a lease agreement is renewed at a rental rate substantially higher than the existing rental rate, or if any existing favourable terms granted by the lessor are not extended, the Group must determine whether it is desirable to renew on such modified terms. Furthermore, some of the Group's lease agreements contain restrictions in relation to change of control and/or ownership and change of legal status, meaning that the Group was required to obtain consents or waivers from the relevant lessors prior to the Offering or risk breaching these covenants. Although the Group has obtained the requisite consents and waivers for the purposes of the Offering, these and other covenants and obligations reduce the Group's flexibility to conduct its operations and create a risk of default on its lease

agreements if it cannot satisfy them. If the Group is unable to renew leases for store sites on acceptable terms, is unable to renew at all, or unable to obtain the relevant consents or waivers it will have to close or relocate the relevant stores, which would remove the sales that those stores would have contributed to the Group's revenues during the period of closure, and could subject the Group to construction, renovation and other costs and risks. Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

**1.7 *The Group is exposed to risks related to building ownership certificates for its leased sites and lease registrations***

The Group's lessors' possession of valid and enforceable building ownership rights, or of the relevant rights or authority to sub-lease such premises to the Group, is important to the Group's business operations. In respect of the leased premises in which the Group's stores are located, if the lessors of the premises do not have, or are not able to provide the Group with evidence of, either (1) their valid and enforceable building ownership rights, or (2) their relevant rights or authority to sub-lease, third parties may seek to assert their ownership rights or challenge these leases. In addition, as at the date of this Prospectus, three lease agreements have not been registered with the relevant governmental authorities. Failure to register the lease agreements may lead to challenges from third parties with respect to the Group's lease rights. Should disputes arise due to title encumbrances on or lack of title for such properties or the Group's lessors failure to register the relevant leases with the government authorities or lack of authority to sublease the leased premises, the Group may not be able to continue leasing these properties and may be required to find alternative locations nearby to which the Group may relocate its stores. If the Group is unable to find suitable alternative locations nearby, it may have to shut down operations at that site. Even if the Group is able to find suitable alternative locations on terms commercially acceptable to the Group, relocation to such alternative locations may result in disruptions to the Group's business operations and loss of customers. Any of the foregoing would adversely and materially affect the Group's business, results of operations, financial condition and prospects.

**1.8 *An increase in costs of sales and operating expenses, combined with restrictions on the Group's ability to pass increased costs onto consumers, may have a negative impact on the Group's business and results of operations***

The operating expenses of the Group amounted to 21.5%, 21.2%, 21.7%, 21.9% and 22.2% of the Group's revenues for the six months ended 30 June 2024 and 2023 and for the financial years ended 31 December 2023, 2022 and 2021, respectively. The Group's operating expenses could increase as a result of a number of factors (for more information about the financial and operational performance of the Group, including, but not limited to, an increase in the employees' salaries and benefits, utilities, rent expenses and depreciation expense. In addition, any further increase in localisation requirements of the Group's workforce in the regions where the Group operates may lead to an increase in the Group's operational expenditure. Further, due to price controls implemented by regional and national authorities in the markets where the Group operates, the Group may be prevented from increasing the prices charged to consumers for its products in response to increased operating costs. For example, the Group is prevented from increasing the prices charged to consumers in the UAE for basic consumer goods, being entry-tier, locally produced cooking oil, eggs, dairy products, rice, sugar, poultry, legumes, bread and wheat, without prior written approval from the Ministry of Economy. Any increase in the Group's operating costs will also reduce its cash flow, profit

margin and funds available for operation of the Group's existing stores and for future expansion. In turn, the Group's business, results of operations, financial condition and prospects would be adversely and materially affected.

### **1.9 The Group is exposed to risks related to related party transactions**

The Group maintains ongoing business relationships with several related parties. In particular, as at 31 August 2024, the Group has entered into 40 material lease agreements with the related parties.

The Group expects to continue related party transactions in the future, in particular with the Selling Shareholder and its affiliates, which amounted to (i) U.S.\$3.3 million, U.S.\$2,416 million, U.S.\$1,703 million and U.S.\$1,382 million due from related parties as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, and (ii) U.S.\$81.5 million, U.S.\$2,326 million, U.S.\$581 million and U.S.\$32 million due to related parties as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively. Furthermore, rent payments for related party leases amounted to U.S.\$92.6 million, U.S.\$59.7 million, U.S.\$119 million, U.S.\$ 114 million and U.S.\$94 million for the six months ended 30 June 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021, respectively. Related party rent payments represented approximately 44.3%, 32.2%, 29.8% and 27.7% of the total rent expenses for the six months ended 30 June 2024 and for the years ended 31 December 2023, 2022 and 2021, respectively. As at the of this Prospectus, the Group operates 66 stores on the properties leased from related parties. *For further details about related party agreements, see "Related Party Transactions".*

The Group's future success may depend on the continuation of its business relationships with its related parties and the expiry or termination of any material related party contract or relationship could adversely and materially affect the Group's business, results of operations, financial condition and prospects. A limited number of these transactions are not entered into on arms' length basis, which could cause the Group to lose on potential revenue. There can be no guarantee that the Group will be able to renew its contracts with such related parties. If any of the related parties do not renew the agreements entered into with the Group or renews these agreements but under conditions that are not in line with the Group's objectives, this could adversely and materially affect the Group's business, results of operations, financial condition and prospects.

### **1.10 The Group is exposed to risks associated with its mobile application and online e-commerce platform**

The Group uses LuluApp, a mobile application, and its website to enable online sales of its products to customers. For the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021, the Group generated 3.9%, 2.1%, 2.6%, 1.3% and 1.2% of its total revenue, respectively, through sales via its mobile application, its website (<https://www.luluhypermarket.com>) and via third-party e-commerce providers (such as Amazon and Talabat). The Group also relies on a variety of other media for promotional activities, including social media, print media, radio, out-of-home media and national television advertisement campaigns to promote its brand.

The operation of the Group's mobile application and online platform carries a number of risks. The e-commerce sector is growing rapidly in the markets where the Group operates and the Group is therefore exposed to a number of risks, including the potential introduction of new

regulatory restrictions in respect of online commercial activities, especially regarding matters related to protection of customer personal data, including matters concerning privacy and advertising. Any failure to comply with such laws and regulations could expose the Group to regulatory sanctions and fines, such as warnings, financial penalties or a temporary suspension or complete prohibition on the Group from conducting its business.

The Group depends on various information systems to process customer orders, order payments and delivery of products, including with respect to the Group's e-commerce platform and the third-party e-commerce providers. Any material disruption of the Group's e-commerce systems, or the systems of its third-party service providers, could disrupt the Group's ability to track, record and analyse the products that it sells and could negatively impact its operations, shipment of products, ability to process financial information and transactions, and its ability to receive and process e-commerce orders. See "*Any failure, disruption or breaches of the Group's information technology systems or an inability to adapt to newer systems could adversely impact its business and operations.*"

If any of the foregoing risks were to materialise, this could adversely affect the Group's business, results of operations, financial condition and prospects.

**1.11 *Failure to obtain or maintain or renew licences, permits and approvals in a timely manner or at all may adversely affect the Group's business, results of operations and financial condition***

As part of the Group's business and operations, it is required to obtain and maintain various licences and permits from local and government authorities to open new stores and to run its existing business.

As at 31 August 2024, the Group operates 240 stores, which entails obtaining, maintaining and renewing relevant licences. Given the nature of the Group's business, the most significant store-level permits/approvals include: (i) health and safety, hygiene regulations (including municipality and civil defence approvals) and (ii) commercial and real estate approvals (e.g., trade licences, registration of leases). Obtaining licences and permits can be a time-consuming process and may also be subject to delays.

Most of the Group's existing licenses are subject to conditions under which they might be suspended or terminated if the Group fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which might adversely affect the Group's operations, which in turn could adversely and materially affect the Group's business, results of operations, financial condition and prospects.

Any delay in receipt of such approvals, licences, registrations, permits or their renewals could result in higher costs than anticipated, and result in delays in opening a new store or otherwise adversely affect a given store's operations. In addition, in such circumstances, the relevant authorities may direct the Group to close that store, restrain its operations, impose fines or penalties or initiate legal proceedings which may result in the Group's inability to renew/ obtain approvals in a timely manner or at all. Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

**1.12 *The Group's business relies on key suppliers who may seek to terminate their arrangements with the Group or re-negotiate them on terms that are less advantageous to the Group***

The Group's business depends largely on products for resale and Private Label products that are purchased through more than 400 suppliers. In particular, the Group's top 10 suppliers of 2023 (identified based on total purchases for 2023) represented 8.7%, 8.3%, 9.1%, 8.1% and 7.7% of the total purchases made by the Group incurred for the six months ended 30 June 2024 and 2023 and for the financial years ended 31 December 2023, 2022 and 2021, respectively. The Group regulates its relations with its suppliers under supply agreements whose terms range from one to 30 years. While it may have the option to automatically renew certain supply agreements, the Group typically chooses to renegotiate the terms of renewal depending on the market conditions. If any of the Group's key suppliers fail to renew their supply agreements with the Group, or renew on less favourable terms for the Group (including, for example, restricting sales of their products in certain regions) or become unavailable for any reason, replacing such supplier may be costly and adversely affect the ability of the Group to sell a given product. While the Group believes substitute suppliers are available, until such a replacement is found and such supplier passes the Group's quality control assessments, the Group could face a temporary reduction in store inventory levels and/or a reduction in the quality of its merchandise.

If the Group does not maintain its contractual relations with its key suppliers or its current benefits provided by these suppliers, or if any of the other foregoing factors described above were to materialise, the Group's business, results of operations, financial condition and future prospects would be adversely and materially affected. For further details about the key suppliers, see "*Business - Sourcing and Logistics Network and Key Suppliers*".

**1.13 *A failure to maintain and enhance the Group's brands and its image may have a negative impact on the Group's business and results of operations***

Brand image is a key factor in consumer purchase decisions. The Group's success depends substantially on the popularity of its LuLu and Private Label brands, as well as its reputation in relation to the quality of its products. Maintaining and enhancing the recognition and image of the Group's brands are critical to its ability to differentiate its products and services and to compete effectively. Any actual or perceived contamination, spoilage or other product misbranding or tampering may lead to the erosion of the Group's brands and damage its brand value, even if the basis for the concern is unwarranted and/or is outside of the Group's control.

The Group has invested significant resources in its distinctive combination of premium, accessible premium and value focus products throughout its retail store network. Furthermore, as the Group continues to grow in size, expand its product offerings and extend its geographic reach, maintaining product quality and consistency may be more difficult and there can be no assurances that the Group can maintain its consumers' confidence in its brand. If consumers perceive or experience a reduction in the quality of the Group's products or service or consider in any way that the Group has failed to deliver consistently premium quality product, the Group's brand value could suffer, which would adversely and materially affect the Group's business, results of operations, financial condition and prospects.

**1.14 *The Group may incur significant costs in connection with its branding and marketing efforts and some marketing campaigns may not be effective in attracting or retaining consumers***



The Group invests in its brand to further raise brand recognition and acceptance and engage in various marketing campaigns to promote its products. The Group utilises different marketing efforts tailored for different target consumer groups to increase brand awareness and boost sales. The Group markets its brand and products across a wide variety of media, ranging from traditional to new media channels, such as content marketing on print, radio, digital and social media, TV, cinema theatre ads, out-of-home media, and in-store and outdoor events. For the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021, the Group's advertising and sales promotion expenses amounted to U.S.\$19.7 million, U.S.\$20.0 million, U.S.\$44.8 million, U.S.\$49.6 million and U.S.\$44.6 million, respectively. However, the Group cannot guarantee that its marketing efforts will be well-received by consumers and result in higher levels of sales. In addition, marketing trends and approaches in the consumer products market in the UAE and other markets where the Group operates are constantly evolving, which requires the Group to enhance its marketing approaches and experiment with new marketing methods to keep pace with industry developments and consumer preferences. Failure to refine the Group's marketing approaches or to adopt new, more cost-effective marketing techniques would materially affect the Group's business, results of operations, financial condition and prospects.

**1.15 *The Group's Private Labels may not be successful in improving its profitability and may increase certain of the risks it faces***

The Group has expanded its own range of Private Label items, which included approximately the total number of 188 thousand SKUs as of 30 June 2024, representing 29.3% of the Group's retail revenue for the six months ended 30 June 2024. These Private Label items are important for future growth prospects as Private Label items offer an important source of differentiation against the Group's competitors and also generally offer more attractive margins. Achieving and maintaining broad market acceptance of the Group's Private Label items depends on many factors, including pricing, costs, quality and customer perception, and the Group may not achieve or maintain expected sales for its Private Label items. Further, a majority of the Group's products, including Private Label items, are produced by third parties, and while the Group's policies set out standards for ethical business practices, it does not control these third parties or their labour or other business practices. Failure to appropriately address these risks could materially and adversely affect the Group's Private Label initiatives, reputation, results of operations and financial condition.

**1.16 *The Group may not be able to protect its intellectual property rights and other proprietary information, which may affect the Group's reputation and operations***

The Group has registered trademarks in the UAE, KSA and other markets where it operates on which it relies, details of which are set out in "*Business - Intellectual Property*". In the event the Group is unable to register or renew its trademarks, or in the event a third party objected to the registration of a trademark, this would affect the Group's operations, financial condition and results of operations. It is possible that other proprietary information, such as the proposed pricing or product launch information, could be leaked by employees, suppliers and other third parties. If any of these were to occur, on a sustained, material and unmitigated basis, and if the reputation of the Group were to suffer as a result, the Group's competitive position in its markets and its ability to grow its business could be negatively impacted, which would have a material adverse effect on the Group's business, results of operations and financial condition.

In the event the intellectual property rights related to the Group's trademarks are infringed, including as a result of unauthorised use or a failure to protect such rights by the competent

authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Group to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Group, or at all. Any of the above would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**1.17 *Unexpected interruptions to the Group's operations and business, including its supply chains, may have a negative impact on the Group's business and results of operations***

The Group's success depends significantly on the reliable operation of its stores, distribution centres, central kitchens and supply chains. The operation of the Group's stores is subject to a number of risks, including extreme weather conditions, physical damage to buildings, power failures, cybersecurity attacks, equipment breakdowns, failure or substandard performance of equipment, criminal incidents, civil unrest, conflict breakout or escalation, acts of terrorism, natural disasters, fires and explosions, and other potential hazards associated with operating stores.

There can be no assurances that unexpected interruptions to the Group's stores, distribution centres, central kitchens and /or supply chain will not occur in the future. The occurrence of any of these or similar interruptions would cause a significant disruption to the Group's business, for example by forcing stores to close reducing the products the Group has available in stores, all of which would affect adversely and materially the Group's business, results of operation, financial condition and prospects. Further, there can be no assurances that any damages or losses incurred as a result of such an unexpected interruption will be covered by the Group's insurance.

In the event that there is any unexpected and prolonged disruption to the operation of the distribution centres and central kitchens, for example due to a disruption in the supply of utilities, such as water or electricity, or access to the premises, in the event of a fire, and the Group cannot restore the affected facilities, or to relocate to another suitable location promptly with well-equipped facilities, the Group's business operations will be materially and adversely interrupted, which in turn, will affect the Group's results of operations.

Disruptions to the delivery of products to the Group's distribution centres and stores may occur for reasons such as poor handling or transportation bottlenecks, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products. Although the Group believes that it has a well-diversified supplier base, its revenues may be reduced due to losses or the cancellation of important orders as a result of shortages or unavailability of particular products demanded by consumers due to disruptions to the Group's supply chain. These interruptions may also disrupt product availability and in-stock management, which could result in reduced sales or an increase in costs and affect adversely and materially the Group's business, the results of operation, financial condition and prospects.

In particular, fresh food, which accounted for 20.9% of the Group's retail revenue in 2023, is vulnerable to adverse weather conditions and natural disasters that may result in their damage, impact supply chains or the availability of products, as well as negatively impact crop yields and reduce both crop size and quality. This in turn could reduce the available supply of, delay the shipment of, or increase the price of, fresh products. A closure of airspace, airports, shipping channels or ports could force the Group to switch methods of transport, to the extent

possible, or prevent the Group from transporting products. In the event of ongoing closures of airspace and / or airports the Group may be forced to transport products by sea freight, increasing delivery times, reducing the availability of fresh products and potentially missing the window available for sales of seasonal products. In the event of ongoing closures of sea freight channels and / or ports, the Group's dependency on air freight could increase, which could result in the Group incurring additional costs or reduce the available supply of products.

In addition, due to the fragile and perishable nature of many of the Group's products, if the Group incurs any material equipment breakdown, such as the equipment failure for temperature or humidity control for a prolonged period of time, the quality of the products stored in the relevant distribution facilities may be compromised. The Group may, depending on the product in question and its condition, have to downgrade the quality level of the products or even discard and absorb some or all of the relevant costs. Furthermore, repairing or adding equipment and machinery in the relevant central kitchens may be expensive and time consuming. Further, improper handling or storage of products by a customer could result in food-borne illnesses, which could result in negative publicity and harm to the Group's reputation and brands. Any of the above may adversely and materially affect the Group's business, results of operation, financial condition and prospects.

**1.18 *Failure to maintain appropriate inventory levels could increase the Group's loss rate or cause it to lose sales, either of which may have a negative impact on the Group's business and results of operations***

Maintaining an appropriate level of inventory is critical to the success of the Group's operations, particularly in relation to the fresh produce stocked by the Group which generally has a short storage and shelf life. The Group is exposed to inventory risks as a result of factors beyond its control, including changing consumer preferences, expansion of the Group's store network, uncertainty of market acceptance of new products, unexpected weather conditions or seasonality. Although the Group proactively adjusts its procurement plans from time to time based on its analysis of data collected from stores, including their procurements and inventory level, there can be no assurances that there will not be under- or over-stocking of inventory. Moreover, the Group generally estimates the demands for its products ahead of procurement and the actual time of sales. There can be no assurances that the Group's predictions are accurate. For example, a sudden decrease in market demand and a corresponding unanticipated drop in the sales of a product result in an accumulation of inventory, which in turn may increase the Group's loss rate, particularly in relation to perishable products or to electronics at risk of obsolescence due to innovation. Alternatively, if the Group's inventory is under stocked, for example, if the Group were to underestimate the popularity of a particular product, it will lose the sales opportunity and the Group's results of operations may be adversely affected. Either under- or over-stocking inventory could adversely and materially affect the Group's business, results of operation, financial condition and prospects.

Inventory write offs (cost of inventories recognised as an expense) accounted for 1.4%, 1.3%, 1.5%, 1.5% and 1.4% of total cost of revenue from sale of goods, respectively, in the six months ended 30 June 2024 and 2023 and in the years ended 31 December, 2023, 2022 and 2021. However, if the Group fails to manage its inventory effectively, it may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, the Group may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins. High inventory levels may also require the Group to commit substantial capital resources, preventing the

Group from using that capital for other business purposes. Any of the above may adversely and materially affect the Group's business, results of operation, financial condition and prospects.

**1.19 *The Group's sales are subject to seasonal trends***

The Group experiences seasonal fluctuations in its operations, including a significant increase in sales during festive seasons, for example, prior to or during the month of Ramadan, Eid Al-Fitr and Eid Al-Adha as well as during the Christmas season. Consequently, unexpectedly poor sales performance during festive seasons could adversely affect the Group's full-year results and leave the Group with excess stock. The seasonality of market demand for various products could cause significant changes in the Group's performance throughout the year. In addition, any general events having an adverse impact on the Group's sales during the periods of high demand (such as, for example, supply disruptions or adverse publicity) may have an exacerbated effect on its business and direct consumers to the Group's competitors. Any inability to respond to seasonal variations in demand could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. For these reasons, sequential quarterly comparisons may not be a proper indication of the Group's actual performance or how it may perform in the future.

**1.20 *The Group relies on a select group of third-party service providers and there may be disruptions or delays in their services, which could have an adverse effect on the Group's business, results of operations and financial condition***

The Group relies on a select group of third parties for maintenance and ancillary services in most of the countries it operates. The services provided by these third-party service providers are critical to the Group's supply chain and business in general and its ability to manage supply chain risk and distribution costs, as well as maintain control and traceability over products. There can be no assurance that these third parties will consistently and reliably fulfil their contractual responsibilities to the Group.

The Group has also entered into arrangements with the third-party e-commerce providers such as Amazon and Talabat with respect to the sales of the Group's products via their e-commerce platforms. Any adverse development with respect to the Group's relationship with them or their services, such as their failure to meet the Group's service standards, actions or events attributed to them that impact customer perception of the Group's stores, or any stoppage of their operations due to financial difficulties or otherwise, could adversely affect the Group's ability to reach customers who choose to order products for home delivery. Any of the foregoing could have a material adverse effect on the Group's business, results of operation and financial condition.

**1.21 *The Group depends on key personnel, and its inability to attract or retain skilled professionals could adversely affect its business, results of operations and financial condition***

The Group depends on directors and senior management for setting strategic business direction and managing the business. Additionally, the Group's ability to meet continued success and future business challenges depends on its ability to attract, recruit and retain experienced, talented and skilled professionals. Without sufficient number of skilled employees, the Group's operations could suffer. Competition for qualified personnel with

established experience in the retail industry is intense and costly, both in retaining existing employees and when replacing or finding additional suitable employees.

In addition, the Group invests significant, and may need to invest more, financial and human resources to attract and retain new senior management members and / or employees. Each member of senior management, as well as key employees, may resign at any time. The loss of the services of members of the Group's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking qualified replacements or otherwise adversely affect the Group's ability to manage its business effectively. If the Group loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, the Group's business, results of operations, financial condition and prospects would be materially and adversely affected.

The Group's senior management and key personnel could behave in a manner which negatively impacts the Group's business, including through misuse of information or systems, disclosure of confidential information or disseminating misleading information. Additionally, the Group may not always be able to prevent its senior management and key personnel from committing acts amounting to gross misconduct or ensuring compliance with internal regulations and policies of the Group, which could result in losses, fines and damage to the Group's reputation and would adversely and materially affect the Group's business, results of operation, financial condition and prospects.

#### **1.22 *Staff shortages and high employee turnover rates may adversely affect the Group's business, results of operations and financial condition***

The retail industry traditionally has a relatively high employee turnover rate. The Group's headcount at 30 June 2024 was approximately 55.3 thousand, of whom approximately 95% were store employees (employees working at retail stores, warehouses, sourcing offices, and approximately 5% were administrative support employees (employees working at the headquarters and regional offices). The Group had an average annual turnover rate of approximately 17 per cent. during 2021 to 2023.

A significant number of the Group's employees are foreign workers. The Group cannot give any assurances that it can continue to hire large number of foreign workers if another crisis such as the COVID-19 pandemic or a geopolitical conflict occurs.

Generally, there is no assurance that the Group will not experience difficulties in recruiting and retaining suitable employees in the future. Any inability to recruit and retain qualified individuals in the future may impact everyday operations and could adversely affect the Group's business, results of operation and financial condition.

#### **1.23 *The Group is required to comply with certain financial and other restrictive covenants.***

As at 30 June 2024, the Group's total short- and long-term bank financings amounted to U.S.\$853.0 million. The Group's credit facilities contain customary requirements, including restrictions and other limitations on the ability of the Group to undertake material disposals or acquisitions and incur additional indebtedness above certain level. Similarly, some of the Group's credit facilities contain restrictions in relation to change of control and/or ownership and change of legal status, meaning that the Group is required to obtain consents or waivers from the relevant creditors prior to the Offering or risk breaching these covenants. Although

the Group has obtained the requisite consents and waivers for the purposes of the Offering, these and other covenants and obligations reduce Group's flexibility to conduct its operations and create a risk of default on its financing if it cannot satisfy them. If the Group breaches certain of its covenants, its financier could potentially accelerate payment of the financing, and, if the financing is secured, could take possession of the property securing the financing. Moreover, such breach may result in additional restrictions on the Group's use of funds to pay dividends or make payments related to Group's operations. In addition, any breach may result in cross-defaults under other indebtedness and limit the Group's ability to obtain future financing. All of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**1.24 *The Group may seek external financing in the future which may contain certain restrictions limiting its flexibility to operate its business***

The Group needs to continue to make investments to support the growth and expansion of its business and may require additional funds to respond to business challenges, implement its growth strategy, increase its market share in its current markets, expand into other markets and broaden its product offering. The cash generated from the Group's operations may not be sufficient to fund this growth and expansion. Accordingly, from time to time, after completion of the Offering, the Group may seek to raise additional capital, incur additional indebtedness or refinance existing financing arrangements. However, additional capital or the refinancing of existing financing arrangements may not be available when needed or may not be available on terms favourable to the Group, which could leave the Group unable to operate or expand its business or successfully pursue its growth strategy.

An increase in indebtedness may expose the Group to additional risks. For example, an increase in the indebtedness of the Group may restrict its ability to make strategic acquisitions or cause it to make non-strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain further financing. If the Group fails to obtain adequate financing on a timely basis or on terms that are favourable to the Group, or if the Group becomes unable to service its financing payments as they fall due, this will adversely affect the Group's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Group's business, results of operation, financial condition and prospects.

**1.25 *Any disruption in the Group's information technology systems or an inability to adapt to newer systems could adversely impact its business and operations***

The Group's business depends upon complex and interdependent information technology and communications systems, including internet and cloud-based systems and mobile networks, to support business processes including day to day operations, e-commerce, supply chain and store management. The Group's stores also rely on back-office technology solutions which are shared across the Group to manage, among others, its sales reporting, inventory and human resources functions through an ERP system.

The Group has experienced and may in the future experience interruptions, delays and outages in its technology from time to time due to a variety of factors, including infrastructure changes, system failures, human or software errors, physical or electronic break-ins, denial-of-service attacks, or third-party internet provider disruptions. For example, the Group operates a mobile application and website to enable online sales of its products to customers. If customers cannot access, navigate and order on the Group's online stores or mobile application, or the Group does not receive orders made via its website or mobile application

or confirm them in a timely manner, this will affect the quality, availability and appeal of the Group's services. If the Group experiences any failure of internet or mobile network connectivity or its technology across its stores or country-wide outage, the Group might not be able to receive customer orders. Furthermore, the Group's business continuity plans might not be adequate to enable it to continue or recommence trading without a loss of business. Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operation and financial condition.

In addition, as technology systems evolve, the Group's operations are partially impacted by its ability to respond to technological advances and emerging industry standards and practices in a cost-effective and timely manner. The Group cannot assure you that it will be able to successfully implement new technologies or adapt its processing systems to evolving customer requirements or emerging industry standards. Changes in technology may make newer solutions more competitive than the Group's or may require the Group to make additional capital expenditure to upgrade its facilities and technology. Any inability by the Group, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, evolving customer requirements or technological changes, could have a material adverse effect on the Group's reputation, business, results of operation and financial condition.

#### **1.26 *The Group is exposed to risks related to data breaches and cyberattacks***

The Group's facilities and systems, or those of third-party service providers, are vulnerable to security breaches, acts of cyber-attacks or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors or other similar events. The Group has experienced disruptions to its information technology systems due to security breaches which did not have a material impact, but there can be no assurance that it will not encounter material disruptions in the future. Any such disruption in the Group's information technology systems, or those of its third-party service providers, including software-as-a-service providers, may result in the loss of key information or disruption of the Group's business processes, which could adversely affect its business, results of operations and financial condition.

Because such attacks are increasing in sophistication and change frequently in nature, the Group and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Group's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber-attack or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Group's employees may lead to a breach of employees' and customers' data privacy and security. Any such breach may result in the release of such data to third parties against the will of affected parties, which could undermine the privacy of such parties and result in reputational harm to the Group. In addition, this could adversely affect the Group's performance due to legal proceedings or claims initiated against the Group for failing to preserve the security and confidentiality of data, or failing to comply with the relevant rules on utilising data. Any such breach or other similar event may also lead to a change of current and potential consumers' behaviour in a way that would impact the Group's ability to retain current customers or attract new customers, which would have an adverse effect on the Group's business, results of operation and financial position.

The Group processes customers' personal data, including names, addresses, email addresses, tokenised credit card information and phone numbers, in the ordinary course of its business. Furthermore, it is expected that the total amount of personal data handled by the Group will increase as it expands its loyalty programme, Happiness. The Group has a number of personal data protection systems, e-commerce systems, and data protection requirements in the countries in which the Group operates. New laws and requirements regarding personal data processing and protection may require the Group to implement additional privacy policies which would require it to incur higher costs for compliance, potentially limiting the Group's profitability. Any failure to comply with applicable laws and regulations regarding the processing of personal data may also lead to enforcement action against the Group, including by regulators which may impose fines and penalties, or actions by customers requiring the Group to compensate them for any damage, potentially resulting in not only higher costs but also harm to the Group's reputation. The occurrence of any of the above risks could have a material adverse effect on the Group's reputation, business, results of operation and financial condition.

**1.27 *The Group's operations are subject to risks associated with cash management, theft and security***

The Group's stores manage and handle cash in hand on a daily basis. In 2023, approximately 29% of all customer transaction value in the Group's stores were settled by customers using cash. The Group collects cash from all stores and deposits it on a daily basis directly into bank accounts or into deposit machines in the stores equipped with such deposit machines and then into the Group's bank accounts on a daily basis.

There is a risk that cash received by the Group could be subject to theft by members of the general public and/or by employees working at the Group's stores. In addition, the Group's cash insurance policies may not be adequate to compensate the Group for any losses suffered as a result of any theft or cash mishandling. In view of the high volume of cash transactions in the operation of the Group's business, any incident of theft or other losses that may occur could have a material adverse effect on the Group's business, results of operation, financial condition and prospects.

**1.28 *The Group is exposed to payment risks, including processing risks, as well as increases in transaction fees***

The Group relies on electronic payment methods as the Group's stores accept payments using credit and debit cards, contactless, Android Pay and Apple Pay. The Group and its customers may be increasingly exposed to fraud. The Group is subject to rules, regulations and compliance requirements that govern its use of these payment methods. The Group pays interchange and other fees for the card payments, which may increase over time and raise operating costs and lower margins. Interchange fees on Visa and MasterCard are regulated and are therefore currently subject to an effective minimum amount, which is beyond the Group's control. Interchange fees on American Express payments are negotiated with American Express on an arm's-length basis. The Group relies on third parties to provide payment processing services, and it could disrupt the Group's operations if these companies become unwilling or unable to provide these services. If the Group fails to comply with the applicable rules and requirements, including payment card association rules and rules governing electronic fund transfers, the Group may be subject to fines and/or higher transaction fees and, in extreme cases, may lose its ability to accept payments from customers, process electronic fund transfers or facilitate other types of online payments.



Any failure of the Group's payment processing systems, whether caused by a system failure, a failure to detect or prevent fraudulent payment activities or otherwise, will adversely affect the Group's income in the short-term and may result in the Group losing customers which may have a material adverse effect on the Group's financial condition and prospects. In addition, there can be no assurances that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the processes the Group uses to protect customer transaction data.

In certain circumstances, the Group's contracts with payment card acquirers and American Express generally require the Group to adhere to payment card network rules which could make it liable to payment card issuers and others if information in connection with payment cards and payment card transactions that the Group process is compromised. In such cases, resulting liabilities could be substantial.

### **1.29 *The Group's insurance coverage may not adequately cover its losses***

The Group maintains property "all risks" insurance policies as well as insurance policies covering material damage to property and goods and business interruption (for more information about insurance policies maintained by the Group, see "*Business - Insurance*"). The Group's insurance may not be adequate, and the limits of insurance coverage may not be sufficient to pay for claims relating to an insured risk. The Group may not be able to successfully substantiate its claims according to the insurance policies in effect because of the exclusions or conditions of insurance coverage. This will cause the Group to be liable for paying for accident-related losses, which would adversely and materially affect the Group's business, results of operations, financial condition and prospects.

Events may occur in future for which the Group may not have adequate insurance coverage, or which may be excluded entirely. In addition, the Group's present insurance policies contain coverage exclusions or limitations, such as losses arising directly, or indirectly, out of (i) loss of, alternative of, or damage to; or (ii) a reduction in the functionality, availability or operation of a computer system. Current insurance policies may also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Group's costs, which would adversely and materially affect the Group's business, results of operation, financial condition and prospects.

### **1.30 *The Group may become involved in disputes and legal proceedings, and if they are determined to be unfavourable for the Group, they may have a material adverse effect on its business, results of operations and financial condition***

Entities within the Group and/or directors and/or management and / or officers of the Group may become involved in legal and regulatory disputes, proceedings and / or actions with third parties including suppliers, employees, competitors, consumers, owners of lands leased to the Group and regulatory and governmental authorities. The Group may be the claimant or defendants in any such disputes, proceedings and / or actions. No provision has been made for lawsuits filed against the Group.

An outcome that is unfavourable to the Group in any future litigation or regulatory proceedings could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. In addition, regardless of the outcome of any future litigation or regulatory proceedings, these proceedings could potentially result in substantial costs and reputational damage to the Group and may require the Group to devote substantial resources

to pursue or defend these claims, which would have a material adverse effect on the Group's business, results of operation, financial condition and prospects.

**1.31 *The Group is exposed to risks relating to the outbreak of an infectious disease or other serious public health concerns, including a resurgence of the global spread of COVID-19***

The outbreak of the COVID-19 pandemic, as well as government measures to reduce the spread of COVID-19, had a substantial impact on the Group's operations. For example, restrictions implemented by the UAE Government during the COVID-19 pandemic limited the number of consumers that could access the Group's stores at any one time. Further, the Group was required to implement additional hygiene precautions in response to the COVID-19 pandemic, including increasing cleaning frequency and installing disinfectant stations throughout its stores.

Future epidemics and pandemics and government responses to such pandemics could restrict the Group's business, results of operations and financial condition. There can be no certainty that jurisdictions in which the Group operates will not undergo future lockdowns in response to a resurgence of COVID-19 or other future epidemics or pandemics. In addition, the Group's operations may be impacted if the Group's key managerial personnel or a significant percentage of its workforce is unable to work due to illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 or other future pandemics, which could have a material adverse effect on the Group's business, results of operation, financial condition and prospects.

**1.32 *The Group is exposed to risks associated with inflation that could adversely affect its business, results of operations and financial conditions***

Most of the Group's products are subject to price increases as a result of inflation, seasonality, global supply and demand, weather conditions, fluctuations in currency exchange rates and tax incentives and other factors. The Group has no control over fluctuations in the price and availability of products, packaging materials or variations in products caused by these factors, any of which could impact the prices imposed by its suppliers, making the cost of ingredients or packaging materials more expensive for the Group's suppliers and increase the prices of its products for customers. Any such increases may reduce demand and affect the Group's overall financial performance.

A critical differentiator of the Group's business is ability to offer value to customers, including offering prices that are substantially less than those offered by some of its competitors. To maintain this differentiator, the Group carefully monitors the market prices of its products in order to maintain its price advantage and reputation. However, if costs of goods continue to increase and the Group's suppliers seek price increases, the Group may not be able to mitigate such increases and have to, sometimes, and may continue to, increase its prices, which could deter customer traffic and reduce the number and average basket size of customer transactions as well as undermine the Group's value proposition of offering better prices than its competitors. Some of the Group's competitors are in a better position to absorb cost increases while maintaining price competitiveness. Further, there can be no assurance that the Group can completely budget for or predict any increases in these prices, which may have a material adverse effect on the Group's business, results of operation and financial condition.

Furthermore, due to price controls implemented by governments, including those in the UAE, KSA and Oman, the Group may be prevented from increasing the prices it charges to consumers. For example, the Group is prevented from increasing the prices charged to consumers in the UAE for basic consumer goods, being entry-tier, locally produced cooking oil, eggs, dairy products, rice, sugar, poultry, legumes, bread and wheat, without prior written approval from the Ministry of Economy. An inability of the Group to pass increased costs onto consumers would adversely and materially affect the Group's business, results of operations and financial condition.

### **1.33 *Climate change may negatively affect the Group's business and operations***

The Group's business is subject to risks associated with climate change. The widespread impact of climate-related effects can lead to reduced availability or quality of products (or ingredients used in the products) that the Group sells at its stores. Any factors that result in decreased availability or quality of the products and/or ingredients used in such products, including as a result of changes in consumer demand, incidence of disease, adverse weather conditions, governmental regulations, export or import restrictions, or public sentiment, could result in a significant increase in the price of these products, which could have a material adverse effect on the Group's operating results. Additionally, the increased frequency and intensity of physical events (including natural disasters) due to climate change could also lead to supply chain disruptions, scarcity of ingredients or lost sales as customers prioritise basic needs, which could result in the increased import and overall supply chain costs for the Group to source products and/or ingredients from alternative suppliers. For example, in 2023 following adverse weather conditions that affected crops, India banned the export of non-basmati white rice and onions to ensure adequate domestic supply of the products, forcing the Group to find alternative sources of supply for both products. The occurrence of any of the above risks could have a material adverse effect on the Group's reputation, business, results of operation and financial condition.

### **1.34 *Increased scrutiny and changing expectations from investors, customers, employees and others regarding the Group's environmental, social and governance practices and reporting could cause the Group to incur additional costs and expose it to additional risks***

Companies across all industries are facing increasing scrutiny related to their environmental, social and governance ("ESG") practices and reporting. Investors, customers, employees, and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases, and other interactions with companies. For example, many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. If the Group's ESG practices do not meet investors, customer, or employee expectations, which continue to evolve, the Group's brand, reputation and customer and employee retention may be negatively impacted. Any disclosure the Group makes may include its policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, supply chain monitoring and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with the Group's ESG reporting, its ESG practices or the Group's speed of adoption. The Group could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices. If the Group fails, or is

perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of its various stockholders, it could negatively impact, among other things, the Group's reputation, and customer and employee retention.

**1.35 *The Group is subject to extensive laws and regulations, including in relation to food and product safety***

The Group's operations and properties are subject to extensive laws and regulations relating to, among other things, labour, imports and exports, advertising, customer protection. See also "*Risks Relating to Geographical, Political and Economic Conditions - The developing legal systems and the introduction of new laws and regulations in the jurisdictions in which the Group currently operates or may in the future operate can create an uncertain or changed environment for investment and business activity*". Additionally, as a retailer of food products for human consumption, the Group is subject to stringent food safety, allergen, packing, health, quality, labelling and distribution standards. Each of the Group's stores and its suppliers' facilities are subject to licencing, reporting and official quality controls by numerous governmental authorities, including regular inspection by authorities for compliance with hygiene regulations application to the sale, storage and production of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Should any non-compliance with such regulations be discovered during an inspection, authorities may temporarily shut down the store or facility concerned and/or result in prosecution and the imposition of a fine for such non-compliance which could have a material adverse effect on the Group's business, financial condition and results of operation.

**1.36 *The Group is subject to the risk of product liability claims, product recalls and adverse publicity, and a failure by the Group to prevent real or perceived quality or health issues with the products offered by the Group, may prevent the Group from attracting and retaining consumers***

The distribution and sale of products purchased from the suppliers (including products under the Group's Private Label brand names) entail a risk of product liability, product recall and resultant adverse publicity as well as unanticipated costs and operational disruption. These products may contain contaminants or other hazards that may, in certain cases, result in illness, injury or death if processing at the foodservice or consumer level does not eliminate the contaminants or other hazards. Although the Group's suppliers are responsible for any contamination or damage to goods during the production phase, the Group may also become partially or fully liable to consumers as a result of being part of the product distribution chain. Even if the basis for the concern is unwarranted and/or is outside of the Group's control, concerns regarding the safety of products offered at the Group's stores or the safety and quality of the Group's supply chain could cause the Group's customers to avoid purchasing certain products from the Group's stores, or to seek alternative sources. Maintaining consistent food quality and preventing food contamination and other health hazards depends significantly on the effectiveness of the Group's quality control systems, policies and guidelines, all of which are applied to the Group and third parties engaged by the Group. The Group's operational controls and employee training may not be effective in all cases in preventing foodborne illnesses, food tampering and other food safety issues (including the risk of failure to detect expired food items from suppliers). Incidents related to the safety and quality of the products or ingredients displayed in the stores may occur in the future, which may result in product liability claims, product recall, negative publicity, fines from the local authorities or closure of the stores. Adverse publicity about these concerns, whether or not ultimately based

on factual assertions, could discourage consumers from buying the Group's products and have a material and adverse effect on its ability to successfully market the products and on the Group's business, results of operations, financial condition and prospects. The Group may face direct product liability claims from consumers or from its customers that may require it to make product recalls. See also "*A failure to maintain and enhance the Group's brands and its image may have a negative impact on the Group's business and results of operations*".

The Group's general liability insurance policy includes limited product liability coverage, and claims relating to defective products in excess of the policy's limits could have a material adverse effect on the Group's business, financial condition and operating results. Further, if the Group faces a product recall in the future, any such product recall could adversely affect both the Group's reputation with existing and potential customers and its corporate and brand image, and any lost confidence on the part of the Group's customers could be difficult and costly to re-establish.

### **1.37 *The Group faces foreign exchange risks that could adversely affect its business, results of operation and financial condition***

The Group operates through retail and sourcing subsidiaries across various jurisdictions in the GCC, Europe, Asia, and other regions. As a result, the Group is exposed to currency exchange risks with respect to currencies that are not pegged to the U.S. Dollar, which is the Group's reporting currency for its financial statements. Adverse movements in foreign exchange rates could therefore adversely impact the Group's reported results of operation and financial condition.

International economic trends may cause any one of the Group's major currencies to depreciate against other relevant foreign currencies. Any significant fluctuation in the value of such currencies may decrease operating profit margins and thereby have a material adverse effect on the Group's business, results of operations and financial condition.

Furthermore, although local currencies in some of the Markets where the Group operates (including the UAE, Saudi Arabia, Bahrain, Qatar and Oman) are, as at the date of this Prospectus, pegged to the U.S. Dollar, and KWD to a basket of currencies, there can be no assurance that these currencies will not be de-pegged in the future or that the existing peg will be adjusted in a manner that negatively impacts the Group's business, results of operations and financial condition.

### **1.38 *The Group may need to raise equity capital in the future***

The Group depends on cash flow from its operations to fund its business and execute its growth strategy. From time to time, after completion of the Offering, the Group may be required to seek additional equity financing in order to fund its capital expenditure or to provide additional working capital for its business or growth strategy.

In addition, a change in economic conditions or market conditions requiring a shift in the Group's business model could result in the need for additional equity financing. The Group cannot predict the timing or amount of any such capital requirements or the ability to take any such actions on a timely basis, on terms satisfactory to the Group or at all. If financing is not available to the Group on satisfactory terms, or at all, the Group may be unable to operate or expand its business or successfully pursue its growth strategy, which could have a material adverse effect on the Group's results of operations. See "*The Group may seek external*

*financing in the future which may contain certain restrictions limiting its flexibility to operate its business.”*

**1.39 *Part of the Group’s revenue depends on its participation in the UAE governmental welfare programme***

Part of the growth of the Group’s retail revenue in the UAE in the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 was supported by a welfare programme launched by the UAE government. There is no assurance that the Group will maintain its relationship with the UAE government and continue to act as a retailer for the programme in the future. Further, changes in UAE government priorities, as well as economic downturn may lead to budget cuts or reallocations for government programmes and reduced spending on such programmes. Any of these events may result in decreased retail revenues of the Group, which in turn could adversely affect the Group’s business, results of operations, financial condition and prospects.

**1.40 *The Group is exposed to risks associated with its compliance with tax laws and may incur additional tax liabilities***

The Group is subject to income and other taxes in the different markets where it operates, and its operations, plans and results of operations are affected by tax and other initiatives. The Group is also subject to regular reviews, examinations and audits by the relevant tax authorities with respect to its compliance with the tax regulations, including, for example, notification and reporting requirements with respect to certain contracts executed by the Group entities, record-keeping requirements with respect to export documentation, as well as other compliance requirements with respect to the supporting documentation. If the tax authorities were to find the Group entities in contravention of applicable tax laws and regulations, the Group may face additional tax liability, including interest and penalties. The amount of which may be material upon final adjudication of any disputes and could have a material impact on the Group’s results of operations and financial condition.

In accordance with applicable transfer pricing rules the Group could also be required to present supporting documentation to the tax authorities upon their request with respect to its related party transactions and the prices/fees applied by the Group. The tax authorities are entitled to challenge the process and fees applied by the Group and to accrue additional tax liabilities if prices of the related party transactions differ from those which independent counterparties in similar conditions would have applied. There is an inherent risk that tax authorities could challenge the prices/fees applied by the Group in the future and order the Group to make significant adjustments, which could affect the Group’s tax position. Unless such tax adjustments are successfully challenged, the Group may become liable for increases in its taxes payable, which may have a material adverse effect on its business, results of operations and financial condition.

Further, the Selling Shareholder completed a reorganisation of the Group’s corporate structure ahead of the Offering (see “*Business - Pre-IPO Restructuring*”). The applicable tax laws and regulations across the Group’s jurisdictions are dynamic and do not always provide clear and definitive guidance on the tax treatment of such restructuring exercises. See “*We may be exposed to a number of uncertainties relating to taxes, which may have a negative impact on the Group’s business and results of operations*”. The Group’s tax accounting of the Pre-IPO Restructuring exercise was based on the Group’s interpretation of the relevant tax laws and regulations guided by the advice of independent tax professionals. If the relevant tax

authorities take a different than expected view of the treatment of the Pre-IPO Restructuring, the Group may be subject to additional tax liabilities which may have a material adverse effect on its business, results of operations and financial condition.

## **2. RISKS RELATING TO GEOGRAPHICAL, POLITICAL AND ECONOMIC CONDITIONS**

### **2.1 *The Group may be affected by general economic, market and political conditions in the regions where it operates, and other local or global crises***

The performance of the Group's business is subject to general economic, market and political conditions. A slowdown of, or persistent weakness in, economic activity caused by a deterioration of global market and economic conditions, could adversely affect the Group's business. General economic, financial, and political conditions in the MENA region, especially in the GCC, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. An adverse change in the credit rating of the UAE, KSA and / or other GCC states, declines in consumer confidence and / or consumer spending, changes in unemployment rates, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events, including ongoing disruption to shipping channels in the Red Sea and the Bab al-Mandab Strait, and potential disruption to shipping channels in the Strait of Hormuz, could contribute to increased volatility and diminished expectations for the economy and markets, including the market for the Group's products and services, and lead to demand or cost pressures that may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

A potential prolonged economic slowdown could damage the operations of the Group's suppliers. Rising global shipping costs and delays, labour shortages resulting in increasing cost of labour, supply chain disruptions, price pressures, fluctuating and uncertain demand, raw material availability, as well as fluctuations in the financial markets (including the currency market) may significantly adversely affect the business and financial conditions of some the Group's suppliers.

In addition, in the event of a significant geopolitical conflict or a macroeconomic downturn, the demand of the Group's consumers may fall. Similarly, political or economic upheavals in certain countries or markets could lead to a downturn in consumer demand for the Group's products. There can be no assurances that any escalation of geopolitical tension in the future will not create instability in macroeconomic and social conditions, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The nature of these types of risks makes them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on the business, results of operations, financial condition and prospects of the Group.

### **2.2 *Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, legal and regulatory systems, which may create an uncertain environment for investment and business activities***

The governments in the MENA region, including the UAE, Saudi Arabia and Kuwait, have frequently intervened in the economic, legal and regulatory policies of their respective countries. Interventions have included regulation of market conditions, including foreign

investment, foreign trade, financial services and healthcare services. Further changes may include:

government measures to curb inflation, including through policies such as price controls;

government actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;

regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property;

changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;

income and other taxation;

policies of nationalisation of assets and requirements to employ local national employees;

difficulties and delays in obtaining new licences, permits and/or consents for new operations or renewing existing licences, permits and/or consents; and

an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing the Group's competitiveness. Any such changes could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

### **2.3 *Potential instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the Group's operations***

Although the GCC enjoys domestic political stability and generally healthy international relations, since 2011 there has been political unrest in several countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Lebanon, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to several regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as civil unrest, war or other hostilities, or the impact that such events or occurrences might have on the UAE and other markets where the Group operates. The MENA region currently is subject to several armed conflicts including those in Yemen, Syria (in which multiple state and non-state actors are involved, such as the USA, Russia, Turkey and Iran), Iraq, Palestine and Lebanon, as well as conflicts with militants associated with the Islamic State.

Furthermore, the UAE and KSA are, and will continue to be, affected by political developments in or affecting the UAE, KSA and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE and KSA. On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of Saudi Aramco, Saudi Arabia's national oil company. In January 2020, direct confrontation occurred between the USA and Iran when a targeted drone strike killed a senior Iranian military commander in Iraq which was followed by an Iranian attack using ballistic missiles on a USA



military base in Iraq. During this confrontation, the government of Iran confirmed that it would no longer adhere to the terms of the Joint Comprehensive Action Plan in respect of Iran's nuclear power programme. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, because of an explosion which has been reported to be caused by an attack on the Natanz complex. On 18 January 2022, Abu Dhabi experienced a drone attack launched by Houthi rebels near the Abu Dhabi airport that killed at least three people. On 7 October 2023, Palestinian militant groups led by Hamas launched a large-scale attack against Israel from the Gaza Strip. Israel formally declared war and launched a counter-offensive against Hamas in Gaza, which has spread into further conflicts with Iran and Lebanon. As at the date of this Prospectus, the war is ongoing.

Although the UAE and KSA have otherwise generally not experienced terrorist attacks or armed conflict such as those experienced by several other countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE or KSA, or that the UAE and KSA will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting the UAE and KSA and increased regional geopolitical instability (whether or not directly involving the UAE and KSA), or any heightened levels of military conflict in the region or globally, including the current Russia-Ukraine conflict and the conflict between Israel and its neighbours, may have a material adverse effect on the UAE's and KSA's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourist industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact the Group's business, financial condition and results of operation.

Furthermore, the UAE and KSA, in general, and the Group, in part, are dependent on expatriate labour, including unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE and KSA potentially more vulnerable should regional instability increase, foreign militants commence operations in the Emirate, or extremist or terrorist groups engage in activities in the country. In addition, as the governments endeavour to further diversify the UAE's and KSA's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

#### **2.4 *The developing legal systems and the introduction of new laws and regulations in the jurisdictions in which the Group currently operates or may in the future operate can create an uncertain or changed environment for investment and business activity***

The jurisdictions in which the Group operates or may in the future operate are still developing the legal framework required to support a market economy. The Group's Markets, and other emerging market economies more generally, are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. The rapid evolution of these legal systems in ways that may not always coincide with market developments can result in ambiguities, inconsistencies and anomalies in the law and judicial practice. Any adverse developments in this regard could affect the Group's ability to protect its rights under its licences and contracts, or to defend itself against claims by others, including challenges by regulatory and governmental authorities in relation to the Group's compliance with applicable laws and regulations and could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Further, as these economies mature, some MENA governments have begun, and are expected to continue, to implement new laws and regulations (such as data privacy laws) that could impact the way the Group conducts its business and have a material adverse effect on its business, prospects, financial condition and results of operations. Changes in investment policies or in the prevailing political climate could result in the introduction of changes to government regulations with respect to price controls, export and import controls, import regulations, income and other taxes, foreign ownership restrictions, foreign exchange and currency controls, labour and welfare benefit policies, and competition laws.

There can be no assurance that the introduction of any changes to current laws would not increase the Group's costs or otherwise materially adversely affect its business, prospects, financial condition and results of operations.

## **2.5 The Group may be exposed to a number of uncertainties relating to taxes, which may have a negative impact on the Group's business and results of operations**

The Group determines its tax liability based on its interpretation of applicable tax laws and regulations. The Group is also subject to tax audits by governmental authorities, which are inherently uncertain. Negative or unexpected results from one or more such tax audits could have a material adverse effect on the business, prospects, results of operations, cash flows and financial condition of the Group. Tax controls and changes in tax laws or regulations (including retrospective changes) or the interpretation given to them may also expose the Group to negative tax consequences, including profit payments and potential penalties, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. For example, from 1 January 2024 the Group became subject to the corporate income tax in the UAE pursuant to the Federal Tax Law, and is subject to a 9% federal corporate income tax from 1 January 2024 on adjusted accounting net profits above a threshold of AED 375,000. The UAE is expected to implement the Pillar 2 of the OECD BEPS 2.0 framework in 2025. Following the implementation of the Pillar 2 rules into domestic UAE legislation, the Group will likely be subject to a 15% federal corporate income tax rate, depending on how the UAE implements Pillar 2 of the OECD BEPS 2.0 framework (see "*Taxation—UAE Federal-level Corporate Taxation*"). The UAE Federal Tax Authority will be responsible for administering, collecting and enforcing corporate tax in line with rules and regulations to be issued by the Ministry of Finance. There can be no assurances that the compliance with the Federal Tax Law or other applicable tax regimes in other jurisdictions in which the Group operates will not increase its costs or otherwise have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

## **2.6 The Group is subject to certain legal requirements to maintain levels of localisation with respect to personnel, such as the UAE's Emiratisation and similar localisation initiatives in other markets where the Group operates, which may increase its costs and may reduce its ability to rationalise its workforce**

The UAE, KSA, Oman, Bahrain and Kuwait each have laws and regulations in place which impose requirements to source a prescribed percentage of the Group's employees and personnel from UAE, KSA, Omani, Bahraini and Kuwaiti nationals.

In the UAE, Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. See "*Business Description - Employees - Emiratisation*". Under the initiative, companies are required to employ Emiratis in management, administrative and technical

positions. However, the cost of employing UAE nationals is typically significantly higher than the cost of employing foreign workers. In addition, meeting and maintaining the Emiratisation targets of the Group reduces its flexibility to rationalise its workforce, which limits its ability to reduce costs in many areas of its operations.

Compliance with the Saudisation requirements is required by law in the KSA, whereby all companies operating in the KSA, including the Company's Saudi subsidiaries, are obligated to employ and maintain a certain percentage of Saudi employees among their employees. Such percentage varies based on the activity of each entity as set out under the "Nitaqat" programme. The Company's Saudi subsidiaries in the KSA are currently compliant with the Saudisation requirements as at the date of this Prospectus and are classified under the 'Green' categories, according to the "Nitaqat" programme (see "*Business Description - Employees—Saudisation*").

Further, the Group may not be able to continue to comply with the localisation requirements in the jurisdiction in which it operates. In such case, the Group will face penalties by the governmental authorities and restrictions on its business activities, including limitations on obtaining new work visa requests and permits, suspension of requests for transfer of sponsorship for work visas and government contracts, tenders and financing facilities. The Group may not be able to recruit local employees under favourable conditions or at all, or maintain its current percentage of local employees, which in turn would affect its ability to meet the required levels of localisation. There may be a significant increase in costs of salaries in the event that the Group hires a larger number of local employees. The occurrence of any of the above would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

## **2.7 The GCC's economies could be significantly affected by volatility in international crude oil prices and its economy has in the past been, and is likely in the future to be, materially adversely affected by lengthy periods of low crude oil prices**

The GCC states' economies are significantly impacted by international crude oil prices and are highly dependent upon hydrocarbon-related revenues. Crude oil prices have historically fluctuated in response to a variety of factors beyond the control of the Group, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the MENA region, and globally. For instance, global oil prices fell gradually in the first two months of 2020 before dropping sharply in March and April 2020, with the price of Brent oil falling below U.S.\$16 per barrel in April 2020. This was primarily due to the impact of the COVID-19 outbreak on the global economy and the increase in supply. Additionally, oil prices have been volatile since the Russian invasion of Ukraine, mainly due to the bans on buying Russian oil and the resulting demand on other countries (particularly in the MENA region) to increase supplies;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices, such as the production cut announced in October 2022. OPEC and OPEC+ have most recently agreed to partially extend cuts of 3.66 million barrels per day until the end of 2025 and prolong the cuts of 2.2 million barrels

per day by three months to the end of September 2024, with the latter then being phased out over the course of a year from October 2024 to September 2025; and

- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions; and prices, availability and trends relating to the use of alternative fuels and technologies.

Many economic sectors within the GCC states depend in part, directly or indirectly, on crude oil prices. As such, extended periods of low crude oil prices may have a negative impact across the economic landscape of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. For example, GCC governments may decide to reduce government expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn, reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher financing losses or impairments.

Any such fluctuations could have a material adverse effect on the economic, political and fiscal position of the GCC states, and may consequently have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **3. Risks Relating to the Offering and to the Offer Shares**

#### **3.1 *After the Offering, the Selling Shareholder will continue to be able to exercise control over the Company, its management and its operations***

As at the date of this Prospectus, the Selling Shareholder holds 100.0% of the Company's issued share capital and, immediately following the Offering, the Selling Shareholder will continue to control at least 75% per cent. of its share capital. As a result, the Selling Shareholder will continue to exercise control over the Group's management and operations and over matters requiring the consent of its shareholders, such as in relation to the payment of dividends and the election of the members of the Board of Directors and other matters. There can be no assurance that the interests of the Selling Shareholder will coincide with the interests of purchasers of the Offer Shares.

Furthermore, the Selling Shareholder's significant ownership of the Shares may: (i) delay or deter a change of control of the Company (including deterring a third-party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares. In addition, there may be circumstances where the Group's businesses compete directly or indirectly with other businesses of the Selling Shareholder and / or other businesses of its beneficial owners, and the Selling Shareholder may take decisions with respect to those businesses that are adverse to the interests of the Group's other shareholders.

#### **3.2 *Substantial sales of Shares by the Selling Shareholder could depress the price of the Shares***

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Selling Shareholder will be subject to a lockup period of 180 calendar days starting from Listing, during which it may not dispose

of any Shares that they own. The sale of a substantial number of Shares by the Selling Shareholder following the lock-up period could have an adverse effect on the market for the Shares and may result in a lower market price. The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise capital by issuing new Shares, the newly issued Shares may adversely affect the value of the Shares in the market, and moreover there may be a decrease in the ownership portion of the actual shareholders if they do not subscribe to the then newly issued Shares.

**3.3 *The Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline.***

Prior to the Offering, there has been no public trading market for the Shares. The Group cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the Final Offer Price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Group's actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the ADX. The ADX was established in 2000, however its future success and liquidity for the Shares cannot be guaranteed. In addition, the ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the U.S. and the UK, which may also affect liquidity in the Shares. Brokerage commissions and other transaction costs on the ADX are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets and adversely affect the value and trading price of the Shares.

**3.4 *Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, the Company's ability to pay dividends on the Shares depends on its ability to obtain cash dividends or other cash payments or obtain financing facilities from such entities***

The Company currently conducts all of its operations through its subsidiaries, and such entities generate substantially all of its operating income and cash flow. Because the Company has no direct operations or significant assets other than the capital stock of these entities, the Company relies on those subsidiaries for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long term, to pay other obligations at the holding company level that may arise from time to time.

The ability of such entities to make payments to the Company depends largely on their financial condition and ability to generate profits. In addition, because the Company's subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance it funds and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or applicable laws and regulations of the various countries in which they operate. Similarly, because of the Company's holding company structure, claims of the creditors of its subsidiaries, including trade creditors, banks and other financiers, effectively have priority over any claims that the

Company may have with respect to the assets of these entities. Further, the Company cannot be certain that, in the long term, its subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to it sufficient funds to enable the Company to meet its obligations and pay profit, expenses and dividends, if any, on the Shares.

The inability of one or more of these entities to pay dividends or lend or advance the Company funds and currency control restrictions and restrictions on the repatriation of dividends imposed on the Company or its subsidiaries may adversely affect not only the Company's ability as a holding company to pay dividends, but also its business, results of operations, financial condition and cash flows.

While the Company intends to pay dividends in respect of the Shares, there can be no assurance that it will do so. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable laws and regulations, results of operations, financial condition, cash requirements, contractual restrictions, the Company's future projects and plans and other factors that the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them (see "*Dividend Policy*").

**3.5 *Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if the Company increases its share capital***

Under the Company's Articles of Association to be adopted in connection with the Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of the Company's ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions outside the UAE. The Company currently does not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable U.S. or other holders of the Shares to exercise their pre-emptive rights or, if available, that the Company will utilise such exemption. To the extent that the U.S. or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such U.S. or other holders would be reduced.

**3.6 *Prior to the Offering, there was no existing market for trading in the Shares***

There is currently no market for trading in the Shares, and there may be no active and sustainable market for the Shares following the Offering. If an active, continuous and liquid stock market is not available, it may adversely affect the trading price of the Shares.

The Final Offer Price has been determined based on several factors including the Company's financial position, future prospects, and the market in which it competes, as well as the evaluation of operational and financial results of the Company. Factors such as variation of financial results, general circumstances, general economic conditions, the regulatory environment within which the Company operates and other factors that are beyond the

Company's control could cause significant volatility in the trading liquidity and the price of the Shares in the market.

**3.7 *Following the Offering, the price of the Shares on the ADX may differ from the Final Offer Price and could be adversely affected by several factors***

The Final Offer Price may not be indicative of the price at which the Shares will be traded on the ADX following completion of the Offering. Investors may not be able to resell their Offer Shares at or above the Final Offer Price or may not be able to sell them at all. The price of shares on the ADX following the Offering may be adversely affected by several factors, including, but not limited to, the following:

- negative fluctuations in the Group's operating performance and improved performance of its competitors;
- actual or anticipated fluctuations in quarterly or annual operating results;
- securities analysts publishing research reports about the Group or its competitors or the retail sector;
- the public reaction to the Company's press statements and other public announcements;
- the Company's or its competitors' results being contrary to analysts' expectations;
- resignation of the key employees;
- the Company or its competitors taking important and strategic decisions or existence of changes in the business strategy;
- regulatory environment changes affecting the Group or the grocery retail sector; and
- changes in accounting regulations and policies adopted.

**3.8 *It may be difficult for shareholders to enforce judgments against the Company outside the ADGM, or against its directors and senior management***

The Company is a public company limited by shares incorporated in the ADGM. All of its directors and all of its officers reside outside the United States and the EEA. In addition, all of its assets and the majority of the assets of its directors and senior management are located outside the United States, the United Kingdom and the EEA. As a result, it may not be possible for investors to effect service of process outside the ADGM upon the Company or its directors and senior management or to enforce judgments obtained against them in courts outside the ADGM, including judgments predicated upon the civil liability provisions of the securities laws of the United States, the United Kingdom or the EEA.

## UAE Taxation

*The following comments are general in character and are based on the current and proposed tax regimes applicable in the UAE and the current practice of the UAE authorities as at the date of this Prospectus. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.*

### UAE Emirate-level Corporate Taxation

Historically, most of the individual Emirates have enacted their own corporate tax decrees. Whilst in theory these decrees could potentially levy corporate tax on all companies in the relevant Emirate, in practice, corporate tax was only applied to certain companies operating in the upstream oil and gas industry and to mainland branches of foreign banks in the UAE on their net income. Therefore, the Company should in principle continue to be subject to the Emirate-level corporate tax regime. In practice, however, the Company is not currently paying any corporate tax and not required to make any Emirate level corporate tax filings.

### UAE Federal-level Corporate Taxation

Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (as amended) (the “**Corporate Tax Law**”) introduced corporate tax on juridical persons with a permanent establishment or nexus in the UAE or deriving UAE sourced income, including corporations, partnerships, foundations, non-resident entities and natural persons engaged in a business or business activity from 25 October 2022; effective for businesses for tax periods commencing on or after 1 June 2023.

This Corporate Tax Law is as yet untested, and guidance published by the Ministry of Finance (the “**MoF**”) and the Federal Tax Authority (the “**FTA**”) have not resolved all points of uncertainty. Therefore, at present, it remains unclear as to how the Corporate Tax Law will be applied to the Company.

### **Corporate Tax Rates**

The corporate tax rate is set at 0% for taxable income up to AED 375,000, and 9% for taxable income that exceeds AED 375,000.

The MoF has announced that, as a member of the OECD Base Erosion and Profit Shifting (“**BEPS**”) Inclusive Framework, it is committed to addressing the challenges faced by tax jurisdictions internationally. On the announcement of the UAE corporate tax, the MoF stated that UAE entities within a large multinational group that fall under the scope of Pillar 2 of the OECD BEPS 2.0 framework, being those with consolidated global annual revenue of more than EUR 750 million, equivalent to approximately AED 3 billion, will be subject to a different higher rate, which is still yet to be announced. The global minimum effective tax rate proposed by the OECD is 15%.



It is not currently clear how the UAE will embed the Pillar 2 rules into domestic legislation and how the Pillar 2 regime will interact with the new corporate tax regime, but it should be noted that this may impact the application of the zero rate for Qualifying Free Zone entities that fall within the Pillar 2 rules. The UAE is expected to enact Pillar 2 from 2025.

### ***Taxable profit***

UAE corporate tax will be payable on taxable income, being the net profit reported in the financial statements of the business, subject to certain adjustments.

No deductions are available when calculating taxable income for the following items, among others:

- expenditure not incurred for the purpose of the taxable person's business;
- losses not connected with, or arising out of, the taxable person's business;
- net interest / finance expense which exceeds the higher of: (i) 30% of tax adjusted EBITDA, or (ii) AED 12,000,000 (subject to certain additional requirements);
- penalties, bribes or other illicit payments;
- dividends or other profit distributions;
- corporate tax imposed under the Corporate Tax Law, tax imposed on the taxable person outside the UAE and recoverable VAT;
- donations paid to organisations that are not a Qualifying Public Benefit Entity (as defined under Article 9 of the Corporate Tax Law);
- 50% of expenditure incurred by the taxable person on the entertainment of customers, shareholders, suppliers or other business partners;
- adjustment for transactions with related parties that are not on arm's length;
- such other expenditure as may be specified in a decision issued by the cabinet; and
- **"Exempt Income"** and expenditure incurred in deriving Exempt Income, defined as: (i) dividends paid by UAE resident juridical person; (ii) dividends and other profit distributions received from a foreign participation that is not a resident person and local/foreign capital gains or losses on the transfer, sale or other disposition of participating interest (or part thereof) subject to complying with the participation exemption rules; (iii) income of a foreign permanent establishment where an election under Article 24 of the Corporate Tax Law has been made; and (iv) income derived by a non-resident person from operating aircraft or ships in international transportation that meets certain conditions.

### ***Free Zone Persons***

The Corporate Tax Law provides for a specific regime for “**Qualifying Free Zone Persons**”, being persons incorporated, established or otherwise registered in one of the UAE’s free zones, including a branch of a non-resident person registered in a free zone, (“**Free Zone Persons**”) meeting all of the following criteria:

- it maintains adequate substance in the free zone;
- its income is derived from transactions with other Free Zone Persons, except for income derived from “**Excluded Activities**” (as defined in Ministerial Decision No. 265 of 2023 Regarding Qualifying Activities in Excluded Activities). The other Free Zone Persons must be the beneficial recipients of a transaction where that other Free Zone Person has the right to use and enjoy the supply by the Qualifying free Zone Person without being under a legal or contractual obligation to pass on the services or goods supplied to another person; or income derived from transactions with a non-Free Zone Person, but only in respect of qualifying activities that are not Excluded Activities; or any other income provided that the Qualifying Free Zone Person satisfies the “de minimis” requirements of the Corporate Tax Law (“**Qualifying Income**”). Qualifying Income cannot include income attributable to a foreign permanent establishment or a domestic permanent establishment or income attributable to the ownership or exploitation of immovable property (except in the case of transactions with Free Zone Persons involving commercial property located in a free zone).
- it has not elected to be subject to corporate tax;
- it has complied with the arms-length principle and transfer pricing documentation requirements of the Corporate Tax Law;
- it does not fail the “de minimis test” defined in Ministerial Decision No. 265 of 2023 on Qualifying activities and Excluded Activities and the Cabinet Decision No. 100 of 2023;
- it prepares audited financial statements in accordance with Ministerial Decision No.82 of 2023; and
- it has complied with any other conditions set by the MoF.

A Free Zone Person who fails to satisfy any of the above criteria will be subject to a corporate tax rate of 9% for each year in which it fails to meet the above criteria and for a further four years following a year that it fails to qualify. A Free Zone Person subject to a corporate tax rate of 9% does not benefit from the AED 375,000 zero tax band. The corporate tax FAQs published by the MoF and FTA specify that Qualifying Free Zone entities that are part of a large multinational group are expected to be subject to the Pillar 2 global minimum tax, once implemented.

### ***Withholding tax***

The UAE applies withholding tax at a rate of 0% to certain domestic and cross-border payments made by UAE businesses. Consequently, UAE businesses will not be required to

make any deductions from payments made to resident or non-resident recipients, nor will there be an obligation to file withholding tax returns.

The Corporate Tax Law includes provisions which specifically allow the UAE Cabinet of Ministers to change the withholding tax rate. The Corporate Tax Law also specifies that a Cabinet decision will be issued which will detail the categories of income which will be subject to withholding taxes. The UAE Cabinet of Ministers decisions have not yet been issued.

### ***Transfer Pricing***

Under the Corporate Tax Law, transactions carried out between related parties and connected parties should be priced in line with the arm's length principle. The arm's length principle is met where the transaction or agreement is consistent with the results that would have been realised where unrelated parties had engaged in a similar transaction or agreement under similar circumstances.

The arm's length principle should be supported by a functional, assets and risk analysis which is intended to be aligned with the OECD TP Guidelines as clarified by the explanatory guide issued by the MoF.

### ***Value Added Tax ("VAT")***

VAT was introduced in the UAE on 1 January 2018, pursuant to Federal Decree Law No. (8) of 2017 on VAT and its Executive Regulations. The standard VAT rate is 5% and applies to most goods and services, with some goods and services subject to a 0% rate or an exemption from VAT (subject to specific conditions being met).

The 0% VAT rate applies to goods and services exported outside the UAE, international transportation, the supply of crude oil and natural gas, the first supply of residential real estate, and some specific areas, such as health care and education.

A VAT exemption applies to certain financial services, as well as to the subsequent supply of residential real estate. In addition, transactions related to bare land, residential buildings (other than the first supply) and domestic passenger transport are also exempt from VAT. Further, certain transactions in goods between companies established in UAE Designated Free Zones (as notified specifically for VAT purposes) ("**DZs**") may not be subject to VAT. The supply of goods and services within DZs is, however, subject to VAT in accordance with the general application of the UAE VAT legislation. The purchase of Shares is considered an exempt supply for the purposes of VAT (unless a zero-rating provision applies) pursuant to Article 42 of the UAE VAT Executive Regulations.

Businesses are entitled to claim a credit for VAT paid on their purchases (subject to maintaining the relevant supporting documents especially a tax invoice) if they relate to a supply that is standard rated or zero-rated (taxable supplies). However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed. Where VAT incurred cannot be attributed specifically to a taxable or an exempt supply, it is possible to recover a portion of this (for example, overhead costs for the business). This recovery can be made in

line with an apportionment calculation and subsequent annual washup exercise.

Excess input VAT can, in principle, be claimed back from the FTA, subject to a specific procedure. Alternatively, VAT credits may be carried forward and offset against the net VAT payable in the next taxable period(s). The FTA may offset unclaimed VAT credits against taxpayer liabilities, including outstanding related financial charges.

Businesses that do not comply with their VAT obligations can be subject to fines and financial charges. There are both fixed and percentage-based financial charges. The FTA may offset unclaimed VAT credits against taxpayer liabilities, including outstanding related charges.

Under the UAE VAT legislation, no VAT should be payable in respect to the acquisition or sale of Shares. However, it should be noted that fees relating to the transfer of ownership of Shares would be subject to VAT at the standard rate of 5%. Certain fees may be subject to VAT at 0% where the buyer is non-resident, and the sale meets the conditions for zero-rated export of services.

For completeness, dividend income received by merely holding shares in a company does not constitute consideration for a supply. Therefore, passively earned dividend income would not amount to a consideration for a taxable supply and should be outside the scope of UAE VAT.

A sale of assets would be subject to VAT at the standard rate of 5%, unless it qualifies as a transfer of a business as a going concern (in which case a transaction should be outside the scope of UAE VAT). Capital gains realised from the sale of assets would not constitute a consideration for a taxable supply and should be outside the scope of UAE VAT.

### **UAE Taxation Considerations for Prospective Investors**

As of the date of this Prospectus, there is currently no federal-level or Emirate-level personal income tax levied on individuals in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Offering based on local tax regulations in their respective jurisdictions.

Individuals who conduct a business or business activity in the UAE will be subject to corporate tax. Businesses or business activities conducted by a resident person or non-resident person shall be subject to corporate tax only where the total turnover derived from such businesses or business activities exceeds AED 1 million within a calendar year.

#### ***Taxation on purchase of shares***

Completion of the Offering is likely to be characterised for UAE tax purposes as a purchase of shares by the investor. If an investor is tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Offering may be characterised differently and may be subject to tax in that other tax jurisdiction.

There are no transfer taxes in the UAE on the purchase of shares. Accordingly, a purchase of

the Offer Shares should not result in any UAE tax liabilities for investors who are individuals or corporations that are a tax resident in the UAE. Non-UAE tax residents, or dual tax resident individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Offer Shares based on local tax regulations in their respective jurisdictions.

From a VAT perspective, the purchase of shares is considered an exempt supply for the purposes of VAT unless a zero-rate provision applies pursuant to Article 42 of the UAE VAT Executive Regulations. (see “**Value Added Tax**”).

Investors should seek advice in relation to the impact of VAT in relation to their acquisition of Shares.

### ***Taxation of dividends and capital gains on sale of shares***

#### *UAE tax resident individual shareholders*

Pursuant to the Corporate Tax Law, a purchase of shares and any related dividend income, or gains on sale of shares, should not result in any UAE tax liabilities for UAE tax resident or non-resident natural persons so long as it qualifies as a “personal investment”. Under UAE Cabinet decision No 49 for 2023 a “personal investment” is defined as investment activity that a natural person conducts for their personal account that is neither conducted through a licence or requiring a licence from a licensing authority in the UAE, nor considered as a commercial business in accordance with the UAE Federal Decree-Law No 50 of 2022 on the Promulgation of the Commercial Transactions Law.

#### *Non-UAE tax resident individual shareholders*

Non-UAE tax residents, or dual tax residents, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with the Shares based on local tax regulations in their respective jurisdictions.

#### *UAE tax resident corporate shareholders*

Under the Corporate Tax Law, the purchase of Shares should not result in any UAE tax liabilities for corporations which are tax resident in the UAE. Similarly, dividends received from UAE resident juridical persons are exempt from tax.

Gains realised by UAE resident corporate investors in relation to the disposal of their investment will be subject to corporate tax at a rate of 9%. The participation exemption may exempt any gain arising where all of the following conditions are met:

1. the ownership interest held by the investor represents at least 5% or the minimum historical acquisition costs of AED 4,000,000 is met;
2. the investor holds the investment for a 12 month uninterrupted period (or has the intention to hold the investment for a 12 month period);

3. the investment is subject to tax in its country or territory of residence at a rate that is not lower than 9% (this condition is assumed to be met where the investment is either a Qualifying Free Zone Person or an Exempt Person);
4. not more than 50% of the direct and indirect assets held by the underlying foreign subsidiaries / investments consist of ownership interests that would not have qualified for a participation exemption if held directly by the investment;
5. the investor has a right to receive at least 5% of the profits and liquidation proceeds of the subsidiary; and
6. any other conditions as may be prescribed by the MoF.

Where the participation exemption applies on the disposal of the investment, any expenditure incurred in relation to the acquisition, transfer or sale of the investment, will not be deductible.

#### *Non-UAE tax resident corporate shareholders*

Non-UAE tax resident companies or dual tax resident corporations may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations in their respective jurisdictions.

Under the Corporate Tax Law, dividends from resident juridical persons are exempt from tax. Where dividends from resident juridical persons are classed as state sourced income, the dividend income would be subject to withholding tax which is currently charged at 0%. Gains realized by non-UAE tax resident corporate investors or a non-UAE permanent establishment in relation to the disposal of their investment would represent UAE sourced income and therefore would be subject to tax under the Corporate Tax Law. This gain would be subject to withholding tax which is currently charged at 0% (see “**Withholding Tax**”).

**THE ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.**

### Third Section: Financial disclosures

#### Summary of the Company's Financial Statements and a Summary of Key Notes and Key Financial Indicators as at and for the three-month periods ended 31 March 2024 and 2023 and years ended 31 December 2023, 2022 and 2021 in addition to the reviewed condensed interim financial statements for the six-month period ended 30 June 2024

The following discussion and analysis should be read in conjunction with the Company's Annual Financial Statements and the Interim Financial Statements, including the notes thereto, included in this Prospectus which are the audited consolidated financial statements the Group as at and for the three-month periods ended 31 March 2024 and 2023 and years ended 31 December 2023, 2022 and 2021 in addition to the reviewed condensed interim financial statements for the six-month period ended 30 June 2024 included in this Prospectus. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled "Investment Risks".

#### 1. Annual Financial Statements

##### A. Consolidated Statement of Financial Position

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	1,446,918	1,461,430	1,881,205	1,855,579
Right-of-use assets	1,724,818	1,868,395	2,907,397	2,630,842
Investment properties	14,626	15,010	47,338	51,094
Investments at fair value through other comprehensive income (FVTOCI)	1,196	1,369	1,495	1,621
Other non-current assets	-	62	13,824	10,610
Deferred tax assets	14,434	11,779	18,283	13,135
<b>Total non-current assets</b>	<b>3,201,992</b>	<b>3,358,045</b>	<b>4,869,542</b>	<b>4,562,881</b>
<b>Current assets</b>				
Inventories	1,488,103	1,374,607	1,395,175	1,296,361
Trade and other receivables	407,446	331,507	339,631	256,768
Due from related parties	3,238	2,415,670	1,702,581	1,381,924
Cash and cash equivalents	322,555	277,694	441,399	326,581
	<b>2,221,342</b>	<b>4,399,478</b>	<b>3,878,786</b>	<b>3,261,634</b>
Assets held for sale	-	246,628	-	-
<b>Total current assets</b>	<b>2,221,342</b>	<b>4,646,106</b>	<b>3,878,786</b>	<b>3,261,634</b>
<b>Total assets</b>	<b>5,423,334</b>	<b>8,004,151</b>	<b>8,748,328</b>	<b>7,824,515</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	144,605	-	-	-
Capital reserve	-	65,282	65,282	65,282
Other reserves	32,682	20,405	20,237	19,964
Other equity	(3,086)	(10,898)	(9,352)	(2,281)
Retained earnings	687,382	692,118	716,989	733,709
<b>Total equity, net</b>	<b>861,583</b>	<b>766,907</b>	<b>793,156</b>	<b>816,674</b>

## A. Consolidated Statement of Financial Position (continued)

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank borrowings	337	513,378	841,136	888,386
Loans from related parties	-	-	497,345	536,130
Employees' defined benefit obligations	168,860	176,785	169,105	162,999
Lease liabilities	1,698,011	1,827,674	2,892,162	2,569,510
Deferred gain on sale and lease back	-	-	16,728	18,432
Deferred tax liabilities	142	4,633	5,353	5,060
<b>Total non-current liabilities</b>	<b>1,867,350</b>	<b>2,522,470</b>	<b>4,421,829</b>	<b>4,180,517</b>
<b>Current liabilities</b>				
Trade and other payables	1,479,819	1,380,024	1,389,501	1,295,909
Bank borrowings	779,552	615,625	1,111,791	1,254,221
Lease liabilities	169,206	173,428	206,975	192,675
Loans from related parties	-	-	229,672	38,706
Due to related parties	235,398	2,325,949	580,623	32,245
Tax payable	30,426	17,672	13,096	11,829
Deferred gain on sale and lease back	-	-	1,685	1,739
	<b>2,694,401</b>	<b>4,512,698</b>	<b>3,533,343</b>	<b>2,827,324</b>
Liabilities directly associated with assets held for sale	-	202,076	-	-
<b>Total current liabilities</b>	<b>2,694,401</b>	<b>4,714,774</b>	<b>3,533,343</b>	<b>2,827,324</b>
<b>Total liabilities</b>	<b>4,561,751</b>	<b>7,237,244</b>	<b>7,955,172</b>	<b>7,007,841</b>
<b>Total equity and liabilities</b>	<b>5,423,334</b>	<b>8,004,151</b>	<b>8,748,328</b>	<b>7,824,515</b>



## B. Consolidated Statements of Profit or Loss and Other Comprehensive Income

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Continuing operations</b>					
Revenue	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365
Cost of revenue	<b>(1,492,975)</b>	(1,386,637)	(5,602,829)	(5,344,826)	(4,912,862)
<b>Gross profit</b>	<b>446,628</b>	416,115	1,675,127	1,549,140	1,399,503
Other operating income	<b>66,920</b>	58,219	273,167	255,942	223,426
Operating expenses	<b>(406,970)</b>	(380,990)	(1,580,173)	(1,507,043)	(1,398,378)
Finance costs, net	<b>(42,038)</b>	(46,885)	(153,403)	(246,962)	(188,569)
<b>Profit before tax</b>	<b>64,540</b>	46,459	214,718	51,077	35,982
Income tax expense	<b>(4,372)</b>	(4,040)	(22,674)	(14,909)	(12,177)
<b>Profit for the period/year from continuing operations</b>	<b>60,168</b>	42,419	192,044	36,168	23,805
<b>Discontinued operations</b>					
Profit/(loss) after tax for the period/year from discontinuing operations	<b>32,916</b>	(6,026)	29,722	(22,115)	(16,251)
<b>Profit for the period/year</b>	<b>93,084</b>	36,393	221,766	14,053	7,554
<b>Other comprehensive income/(loss)</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Re-measurement of employees' defined benefit obligations liability	10,554	-	(91)	998	1,632
Net fair value (loss)/gain on equity investments at FVTOCI	(173)	(139)	(126)	(125)	759
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	(2,569)	(1,120)	(1,329)	(7,944)	(2,719)
<b>Other comprehensive income/ (loss) for the period/year</b>	<b>7,812</b>	(1,259)	(1,546)	(7,071)	(328)
<b>Total comprehensive income for the period/year</b>	<b>100,896</b>	35,134	220,220	6,982	7,226
<b>Earnings per share:</b>					
Basic and diluted (USD cents per share)	0.90	0.35	2.15	0.14	0.07
<b>Earnings per share for continuing operations:</b>					
Basic and diluted (USD cents per share)	0.58	0.41	1.86	0.35	0.23

### C. Consolidated Statements of Changes in Equity

	<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 2021	-	-	65,282	19,960	(1,953)	763,244	846,533
Profit for the year	-	-	-	-	-	7,554	7,554
Other comprehensive loss for the year	-	-	-	-	(328)	-	(328)
Total comprehensive (loss)/ income for the year	-	-	-	-	(328)	7,554	7,226
Transfer to other reserve	-	-	-	4	-	(4)	-
Dividend paid	-	-	-	-	-	(37,085)	(37,085)
Balance at 31 December 2021	-	-	65,282	19,964	(2,281)	733,709	816,674
Profit for the year	-	-	-	-	-	14,053	14,053
Other comprehensive loss for the year	-	-	-	-	(7,071)	-	(7,071)
Total comprehensive (loss)/ income for the year	-	-	-	-	(7,071)	14,053	6,982
Transfer to other reserve	-	-	-	273	-	(273)	-
Dividend paid	-	-	-	-	-	(30,500)	(30,500)
Balance at 31 December 2022	-	-	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 reserve	-	-	-	168	-	(168)	-
Dividend declared and adjusted against related party balances	-	-	-	-	-	(245,574)	(245,574)
Balance at 31 December 2023	-	-	65,282	20,405	(10,898)	692,118	766,907

### C. Consolidated Statements of Changes in Equity (continued)

	<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 <u>at</u> 01 January 2023	-	-	65,282	20,237	(9,352)	716,989	793,156
Profit for the period	-	-	-	-	-	36,393	36,393
Other comprehensive loss for the period	-	-	-	-	(1,259)	-	(1,259)
Total comprehensive (loss)/ income for the period	-	-	-	-	(1,259)	36,393	35,134
<b>Balance <u>at</u> 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>65,282</b>	<b>20,237</b>	<b>(10,611)</b>	<b>753,382</b>	<b>828,290</b>
Balance <u>at</u> 01 January 2024	-	-	65,282	20,405	(10,898)	692,118	766,907
Profit for the period	-	-	-	-	-	93,084	93,084
Other comprehensive income for the period	-	-	-	-	7,812	-	7,812
Total comprehensive income for the period	-	-	-	-	7,812	93,084	100,896
Issuance of shares and deemed distribution on reorganisation	5,164,453	(5,105,391)	(65,282)	-	-	-	(6,220)
Capital reduction	(5,019,848)	5,019,848	-	-	-	-	-
Adjustment of Merger Reserve	-	85,543	-	-	-	(85,543)	-
Transfer to other reserve	-	-	-	12,277	-	(12,277)	-
<b>Balance <u>at</u> 31 March 2024</b>	<b>144,605</b>	<b>-</b>	<b>-</b>	<b>32,682</b>	<b>(3,086)</b>	<b>687,382</b>	<b>861,583</b>

## D. Consolidated Statements of Cash Flows

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations	<b>64,540</b>	46,459	214,718	51,077	35,982
Profit/(loss) before tax from discontinued operations	<b>32,976</b>	(6,791)	26,263	(22,408)	(16,616)
Profit before tax	<b>97,516</b>	39,668	240,981	28,669	19,366
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Depreciation of property and equipment	<b>39,834</b>	38,220	157,010	151,125	151,110
Depreciation of right-of-use-assets	<b>57,908</b>	72,592	281,335	283,152	265,001
Depreciation of investment properties	<b>924</b>	1,338	5,385	5,389	5,914
(Gain)/ loss on disposal of property and equipment	<b>(32)</b>	6,493	349	(136)	(1,321)
Gain arising from lease modification	<b>(33,288)</b>	-	(73,316)	-	-
Loss allowance	<b>-</b>	-	448	456	1,392
Write-off of property, plant and equipment	<b>3,563</b>	6,521	17,849	-	5
Interest expense	<b>40,968</b>	76,407	271,574	251,577	194,610
Interest income	<b>(35)</b>	(26,691)	(117,077)	(297)	(324)
Employees' defined benefit obligations	<b>7,155</b>	6,350	27,886	22,683	4,895
Amortisation of deferred gain on sale and lease back	<b>-</b>	(422)	(18,453)	(1,737)	(1,882)
<b>Operating cash flows before movement in working capital</b>	<b>214,513</b>	220,476	793,971	740,881	638,766
(Increase)/decrease in due from related parties	<b>(21,735)</b>	25,772	(319,251)	(133,006)	56,496
(Increase)/decrease in inventories	<b>(113,496)</b>	(67,241)	20,568	(98,814)	(10,350)
Increase in trade and other receivables	<b>(45,520)</b>	(100,943)	(81,593)	(113,616)	(57,775)
Decrease/(increase) in other receivables	<b>61</b>	(2,477)	13,762	(3,215)	(3,239)
Increase in trade and other payables	<b>89,311</b>	70,607	22,453	94,859	57,992
Increase in due to related parties	<b>13,705</b>	10,376	572	2,292	3,784
<b>Cash generated from operations</b>	<b>136,839</b>	156,570	450,482	489,381	685,674
Employees' defined benefit obligations paid	<b>(3,901)</b>	(4,542)	(19,553)	(15,393)	(12,730)
Income tax paid	<b>(9,413)</b>	(3,773)	(19,971)	(19,467)	(15,824)
Interest paid	<b>(40,968)</b>	(76,407)	(271,574)	(251,577)	(194,610)
<b>Net cash generated from operating activities</b>	<b>82,557</b>	71,848	139,384	202,944	462,510
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	<b>(23,439)</b>	(46,221)	(155,099)	(162,813)	(224,329)
Purchase of investment properties	<b>(19)</b>	(290)	(1,136)	(502)	-
Proceeds from disposal of property and equipment	<b>497</b>	151	1,231	813	11,784
Proceeds from disposal of investment properties	<b>-</b>	-	-	-	7,398
<b>Net cash used in investing activities</b>	<b>(22,961)</b>	(46,360)	(155,004)	(162,502)	(205,147)

## D. Consolidated Statements of Cash Flows (continued)

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Cash flows from financing activities</b>					
Proceeds from / (payment to)					
bank borrowings	<b>184,583</b>	(72,161)	(823,924)	(189,680)	(532,569)
Net funds (paid to) / received from related parties	<b>(139,005)</b>	238,384	1,015,658	357,477	27,241
Repayment of principal portion of lease liabilities	<b>(52,127)</b>	(75,030)	(201,689)	(211,470)	(189,718)
(Repayment of)/proceeds from loans from related parties	-	(92,958)	(135,798)	152,181	484,259
Dividends paid	-	-	-	(30,500)	(37,085)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated from/ (used in) financing activities</b>	<b>(6,549)</b>	(1,765)	(145,753)	78,008	(247,872)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>53,047</b>	23,723	(161,373)	118,450	9,491
Cash and cash equivalents					
at beginning of the period/year	<b>278,870</b>	441,399	441,399	326,581	319,510
Effects of foreign exchange rate changes	<b>(9,362)</b>	(1,619)	(1,156)	(3,632)	(2,420)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>322,555</b>	<b>463,503</b>	<b>278,870</b>	<b>441,399</b>	<b>326,581</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 2. Interim Financial Statements

### A. Interim Condensed Consolidated Statements of Financial Position as at 30 June 2024

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

**A. Interim Condensed Consolidated Statements of Financial Position as at 30 June 2024 (continued)**

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

**B. Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the three-month and six-month period ended 30 June**

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



### C. Interim Condensed Consolidated Statements of Changes in Equity for the six-month period ended 30 June

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

## D. Interim Condensed Consolidated Statements of Cash Flows for the six-month period ended 30 June

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

## **Dividend Policy**

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves, the Company's capital expenditure plans and other cash requirements in future periods.

While the Company intends to pay dividends in respect of the Shares, there can be no assurance that it will do so. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable laws and regulations, results of operations, financial condition, cash requirements, contractual restrictions, the Company's future projects and plans and other factors that the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

Any level or payment of dividends will depend on, among other things, future profits, the business plan of the Company and additional growth avenues, at the discretion of the Board of Directors and subject to the approval from the shareholders in the General Assembly. In addition, the Company expects that when deciding on dividend distribution, the Board of Directors will also consider market conditions, the then current operating environment in the markets in which the Company operates, and the outlook for the Group's business.

Subject to the foregoing, the Company intends to adopt a dividend policy that seeks to lay down a broad framework for the distribution of dividends by the Company whilst appropriately balancing the need of the Company to retain resources for its growth and sustainability. The objective of the Company's dividend policy is to provide fairness, sustainability and consistency in distributing profits to shareholders. Subject to applicable financial parameters, internal and external circumstances, and as per applicable legal provisions, the Company endeavours to maintain a total dividend pay-out ratio of 75% of annual distributable profits, after tax paid semi-annually following the approval and publication of the results for the respective periods. The Group targets that a dividend for the six months ended 31 December 2024 will be paid in the first half of 2025.

## **Material events and contracts concluded by the Company (including related party agreements)**

### **Material Agreements**

*The following is a summary of the agreements that the Group considers material or important or which may otherwise influence an investor's decision to invest in the Offer Shares. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements.*

#### ***IP Licencing Agreements***

The Company's material agreements are the agreements for the licensing and sub-licensing of IP rights that it has executed with related parties (for a list of such IP licencing agreements with the related parties, see "*Related Party Transactions*").

#### ***UAE Government Welfare Programme Agreement***

Lulu Hypermarket (Sole Proprietorship) LLC entered into an agreement with the UAE Government on 21 July 2022, which was subsequently renewed on 1 August 2023. The agreement's term is for a year, and it will automatically renew for one-year periods, unless cancelled by either party. The agreement relates to a welfare programme administered by the UAE Government, which is designed to assist eligible individuals in purchasing certain specified products and foodstuffs from retail stores.

Under the agreement, certain of the Group's stores participate in the welfare programme and sell the agreed upon goods to the beneficiaries of the programme. The Group then invoices the UAE Government. See "*Risk Factors—Risks Relating to Group's Operations and Industry - Part of the Group's revenue depends on its participation in the UAE governmental welfare programme.*"

## Related Party Transactions

The Group is and has been a party to various agreements and other arrangements with related parties comprising the Company, the Group's shareholders, directors and certain of its other subsidiaries and the Selling Shareholder. The most significant of these transactions are described below. For details of the impact of related party transactions on the Group's financial position and financial results as at and for the six months ended 30 June 2024 and 2023 and as at and for the years ended 31 December 2023, 2022 and 2021 please refer to note 9 of the Annual Financial Statements and Note 4 of the Interim Financial Statements, included elsewhere in this Prospectus.

The Group's most recent significant related party transactions include the following:

The Company has entered into the following significant related party agreements, which are in effect as at the date of this Prospectus:

- IP licenses:
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Al Falah Plaza Company Sole Proprietorship LLC, a non-Group Entity;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Al Tayeb Meat Sole Proprietorship LLC, a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Emirates General Market Company Sole Proprietorship LLC, a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Lulu Centre LLC, a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Lulu Group International LLC, a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Lulu Hypermarket Trading Company W.L.L., a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Lulu Muscat Hypermarket LLC, a part of the Group;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and Al Tayeb Cold Stores Sole Proprietorship LLC, a non-Group Entity;
  - License of IP rights agreement dated 21 April 2020 entered into by the Company and P.T. Lulu Group Retail, a non-Group Entity; and

- Sub-license of IP rights agreement dated 1 May 2020 entered into by the Company and 95 entities (comprising the Group, the Selling Shareholder, and non-Group Entities), all of which were entered for a nominal fee consideration of USD 1 and for a perpetual term.

Lulu Saudi Hypermarkets LLC has entered into the following significant related party agreements:

- Lease agreements:

- Lease agreement dated 15 February 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in a mall in Unaizah / 6,862.12 m<sup>2</sup>;
- Lease agreement dated 6 June 2023 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Khurais Road, Riyadh / 17,233.83 m<sup>2</sup>;
- Lease agreement dated 27 February 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Malaz, Riyadh / 8,458.26 m<sup>2</sup>;
- Lease agreement dated 7 May 2023 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Yasmin / 12,119 m<sup>2</sup>;
- Lease agreement dated 27 February 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Hail /13,099.72 m<sup>2</sup>;
- Lease agreement dated 27 November 2023 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Murabba/ 18,832.73 m<sup>2</sup>;
- Lease agreement dated 27 February 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Atyaf Mall, Riyadh / 14,969.2 m<sup>2</sup>;
- Lease agreement dated 26 February 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Kharj / 8,830.35 m<sup>2</sup>;
- Lease agreement dated 23 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Jalawiyah, Dammam / 3,975.43 m<sup>2</sup>;

- Lease agreement dated 23 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Ahsa / 18,267 m<sup>2</sup>;
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Khobar / 20,068 m<sup>2</sup>;
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Rayyan, Dammam / 7,209.36 m<sup>2</sup>;
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Shatie in Dammam / 19,302 m<sup>2</sup>;
- Lease agreement dated 23 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Jubail / 19,436 m<sup>2</sup>;
- Lease agreement dated 23 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Dammam mall / 11,765.73 m<sup>2</sup>;
- Lease agreement dated 23 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Al Rakha, Al Khobar / 6,312.62 m<sup>2</sup>;
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Saihat, Dammam / 10,188 m<sup>2</sup>;
- Lease agreement dated 26 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Amir Fawaz, Jeddah / 16,194.05 m<sup>2</sup>;
- Lease agreement dated 26 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Kilo 7, Jeddah / 11,649.76 m<sup>2</sup>;
- Lease agreement dated 26 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Hamdaniah, Jeddah / 10,572.84 m<sup>2</sup>;
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Madeena Road, Jeddah / 9,701.25 m<sup>2</sup>;

- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Marwa, Jeddah / 16,535.85 m<sup>2</sup>;
- Lease agreement dated 26 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Tabuk / 12,527.72 m<sup>2</sup>; and
- Lease agreement dated 24 June 2024 entered into by Lulu Saudi Hypermarkets LLC (Single Shareholder) and Lulu Properties LLC, a non-Group Entity, in relation to the premises located in Yanbu / 8,516.48 m<sup>2</sup>.

Lulu Hypermarket LLC has entered into the following significant related party agreements:

- Lease agreements:
  - Lease agreement dated 15 July 2020 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises (the basement floor and upper basement) located in Al Wahda Mall, Abu Dhabi;
  - Lease agreement dated 16 November 2020 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises (storage space no. LRSH-01) located in Al Wahda Mall, Abu Dhabi;
  - Lease agreement dated 29 September 2020 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Al Foah Mall, Al Ain;
  - Lease agreement dated 5 October 2019 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Al Wahda Mall Extension, Abu Dhabi;
  - Lease agreement dated 9 January 2024 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Madinat Zayed Shopping Center, Abu Dhabi;
  - Lease agreement dated 22 November 2020 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Khalidiya Mall, Abu Dhabi;
  - Lease agreement dated 20 July 2023 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Al Mushrif Mall, Abu Dhabi;
  - Lease agreement dated 23 July 2022 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Al Baniyas, Abu Dhabi;



- Lease agreement dated 14 January 2020 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Al Forsan Central Mall, Abu Dhabi;
  - Lease agreement dated 1 January 2024 entered into by Lulu Hypermarket LLC and Line Investments and Property LLC, a non-Group Entity, in relation to the premises located in Barari Outlet Mall, Al Ain; and
  - Lease agreement dated 6 June 2024 entered into by LuLu Hypermarket LLC and Line Investments and Property FZE, a non-Group Entity, in relation to the premises located in a mall in Dubai Silicon Oasis, Dubai.
- Management agreements:
- Management agreement dated 1 January 2024 entered into by Lulu Hypermarket LLC and Lulu Shopping Mall LLC, a part of the Group, whereby the latter supervises, manages, operates and subleases and maintains the premises leased by the former under the principal lease agreement.

Lulu Hypermarket Trading Company W.L.L. has entered into the following significant related party agreements:

- Lease agreements:
- Lease agreement dated 1 July 2023 entered into by Lulu Hypermarket Trading Company W.L.L. and Al Khor Mall Trading Company W.L.L. (now known as Lulu Mall W.L.L.), a non-Group Entity, relating to Al Khor Mall Hypermarket;
  - Lease agreement dated 1 January 2024 entered into by Lulu Hypermarket Trading Company W.L.L. and Lulu Mall W.L.L, a non-Group Entity, relating to Abu Sidra Hypermarket;
  - Lease agreement dated 1 January 2024 entered into by Lulu Hypermarket Trading Company W.L.L. and Lulu Mall W.L.L, a non-Group Entity, relating to D Ring Road Hypermarket;
  - Lease agreement dated 1 January 2024 entered into by Lulu Hypermarket Trading Company W.L.L. and Lulu Mall W.L.L, a non-Group Entity, relating to Al Hilal Hypermarket; and
  - Lease agreement dated 1 January 2024 entered into by Lulu Hypermarket Trading Company W.L.L. and Lulu Mall W.L.L, a non-Group Entity, relating to Salwa Road Hypermarket.
- Master services agreement:

- Master services agreement dated 20 November 2019 entered into by Lulu Hypermarket Trading Company W.L.L. and Mantle Solutions Private Limited, a part of the Group, whereby the latter provides to the former certain information technology related services.

## Fourth Section: Other details

### 1. Mechanism for adopting a governance system in the Company

The Board of Directors (the “**Board**”) is committed to standards of corporate governance that are in line with international best practice. As at the date of this Prospectus, the Company complies, and intends to comply, with the corporate governance requirements of the ADX listing and disclosure rules.

In this respect, the ADX listing and disclosure rules provide that the ADX may apply the Corporate Governance Guide for Joint Stock Companies issued by the SCA pursuant to Decision No. 3/RM of 2020 (as amended) (the “**Governance Rules**”) on all entities listed on the ADX.

#### Company’s Board Structure

Name	Year of Birth	Nationality	Capacity
Yusuffali Musaliam Veettil Abdul Kader	1955	Indian	Chairperson
Saifuddin Taher Bhai Rupawala	1959	Indian	Chief Executive Officer & Executive Director
Ashraf Ali MA	1959	Indian	Executive director – Global Operations & Executive Director
Abdul Saleem Valiyakath Ibrahimkutty	1961	Indian	Chief Operating & Strategy Officer & Executive Director
Gil Adoteye Adotevi- Akue	1980	Canadian	Non-Executive Director
Abdulrahman Ibrahim Hamad Abaalkhail*	1976	Saudi	Non-Executive Director
André G. Sayegh*	1954	Emirati	Non-Executive Director
Reed Hamad Khamis Alsheryani Aldhaeri*	1969	Emirati	Non-Executive Director
Salmeen Obaid Suwaid Alsembari Al Ameri	1977	Emirati	Non-Executive Director

As at Listing, the Board will consist of 9 Directors of which there are 3 Executive Directors, 6

Non-Executive Directors and 3 of whom are independent Directors.

\*denotes that the Directors is independent under the Governance Rules.

The management expertise and experience of each Director is set out below:

***Yusuffali Musaliam Veettil Abdul Kader - Chairperson***

Mr. Yusuffali has served as the Chairperson of the Company since July 2024. Mr. Yusuffali also serves as the Chairperson of the LuLu Group, a role he has held since its founding and has overseen and driven its expansion. Mr. Yusuffali also serves on the boards of several Group companies. Mr. Yusuffali also serves as a Director on the Selling Shareholder's Board since May 2020.

Mr. Yusuffali is currently the Second Vice Chairman of the Abu Dhabi Chamber of Commerce and Industry. He has also been elected as a member of the board of the Abu Dhabi Chamber of Commerce and Industry for four successive terms. He is also the Chairman of the Indian Business and Professional Group, which was established to promote the development of commerce and investment between India and the UAE.

Mr. Yusuffali has been the recipient of several prestigious awards, honours and recognitions, such as the Abu Dhabi Award, the highest civilian award, in recognition of his contributions in business, industries and support of philanthropic initiatives; the Queen's Award by Queen Elizabeth for his exceptional contribution to UK's trade, industry, export and economy; the highest civilian award of Bahrain "Wessam Al Bahrain" by His Majesty the King of Bahrain for his contributions in serving Bahrain and its citizens; and the "Most Influential Asian Business Leader in the MENA region" award by the Forbes Middle East Magazine.

### ***Saifuddin Taher Bhai Rupawala***

Mr. Saifee Rupawala has been the Chief Executive Officer of the Company since July 2024 and as a director of the Company since September 2019. Mr. Saifee Rupawala also serves as a Director on the Selling Shareholder's Board since December 2017. Mr. Saifee Rupawala was the Chief Executive Officer of the LuLu Group from September 2005 until June 2024. He first joined the LuLu Group in July 1982 and with a career spanning over four decades has been instrumental in driving its expansion initiatives.

In addition to his corporate responsibilities, Mr. Rupawala is actively involved in community and professional organisations. He is a board member at the Indian Business and Professional Group in Abu Dhabi and a steering committee member of the Indian Professional Business Council in Dubai. He is also a member of the India Social & Cultural Centre. Furthermore, he holds a board position alongside Mr. Yusuffali. at the Indian Business and Professional Group.

Mr. Rupawala holds a Bachelor of Commerce degree from Mumbai University and a Master of Business Administration degree specialising in Financial Management and Human Resources from Vinayaka Mission University.

### ***Ashraf Ali MA***

Mr. Ashraf Ali MA has served as the Executive Director – Global Operations of the Company since July 2024. Mr. Ashraf Ali MA also serves as a Director on the Selling Shareholder's Board since May 2020. Mr. Ashraf Ali MA served as the Executive Director of the LuLu Group from 1982 until June 2024. Mr. Ashraf Ali MA first joined the LuLu Group in 1981 as a sales executive. Throughout his tenure, Mr. Ashraf Ali MA has been instrumental in creating and innovating the Lulu Group's stores, streamlining their operations across the GCC region. Mr. Ashraf Ali leads the Group's retail operations, with particular focus on innovation initiatives such as the LuLu Group's expansion in e-commerce and the development of its private label offering.

Mr. Ashraf Ali holds a Bachelor of Science from the University of Calicut.

### ***Abdul Saleem Valiyakath Ibrahimkutty***

Mr. Saleem has been the Chief Operating & Strategy Officer of the Company since July 2024 and a Director since September 2019. Mr. Saleem also serves as a Director on the Selling Shareholder's Board since December 2017. Previously, Mr. Saleem served as the Chief Operating Officer of the LuLu Group from January 2013 until June 2024. Mr. Saleem is

responsible for the development, implementation and supervision of the Group's operational policies, regulations, initiatives and objectives. Mr. Saleem first joined the LuLu Group in 1986 and has held multiple roles during his career. Mr. Saleem serves on the boards of several Group companies.

Mr. Saleem holds a Bachelor of Commerce degree from the University of Calicut and a Master of Commerce degree from the University of Calicut.

### ***Gil Adoteye Adotevi-Akue***

Mr. Adotevi has served as a Director (Non-Executive) of the Company since July 2024. Mr. Adotevi also serves as a Director on the Selling Shareholder's Board since January 2024. Mr. Adotevi is the Chief Investment Officer at ADQ since January 2020, where he oversees the portfolio management function, which includes investments, joint ventures and restructuring efforts in the food & agriculture, transport & logistics, financial services & tourism, entertainment & real estate sectors. Mr. Adotevi serves as Chairman of Unifrutti Group and is a member of the board of directors of Agthia Group, Louis Dreyfus and Al Dahra. Prior to joining ADQ in 2020, Mr. Adotevi was a Senior Vice President at Mubadala Investment Company, where he was responsible for the performance, development and key acquisitions of the investments in Food and Agribusiness, Metals, Mining and Utilities units. Earlier in his career, Mr. Adotevi held various roles in investment banking and investment management at RBC Capital Markets and State Street in Canada.

Mr. Adotevi holds a Bachelor of Finance degree from McGill University in Montreal, Canada, and a Master of Business Administration degree from the London Business School.

### ***Abdulrahman Ibrahim Hamad Abaalkhail***

Mr. Abaalkhail has served as a Director (Independent) of the Company since July 2024. Mr. Abaalkhail has been the Chief Executive Officer of Dan Company, a subsidiary of the Public Investment Fund (PIF), the sovereign wealth fund of Saudi Arabia, since 2022. Mr. Abaalkhail is also the Chairman of the board of Al Fadhili Housing Company (a joint venture between Aramco and Masic Logistics) (since August 2021), the Chairman of the board of Mumtalakat (a joint venture between Al Akaria and POSCO Korea) (since January 2022), and the Vice Chairman of AL Rajhi Ekhwan (since March 2022). Further, he serves as an Independent member of the investment committee at Awj Holding (since January 2024). Previously, Mr. Abaalkhail was the chief executive officer of Masic Logistics from 2020 until 2022.

Mr. Abaalkhail holds a Bachelor of Science in Finance degree from the King Fahd University of Petroleum and Minerals (KFUPM) and a Master of Business Administration degree from the University of Wales.

### ***André G. Sayegh***

Mr. André has served as a Director (Independent) of the Company since July 2024. Previously, Mr. André served as the chairman of the board of Multiply Group (from December 2021 until July 2024). Mr. André was also a board member of Shuaa Capital from March 2023 to

February 2024 and Mubadala Infrastructure Partners from 2010 to 2017.

Mr. André was Abu Dhabi Area Manager for Citibank between 1990 and 2000 in the areas of Global Corporate Finance and Private Banking. He was Chief Executive Officer of First Gulf Bank (FGB) from 2006 to 2017, when it merged with the National Bank of Abu Dhabi to form First Abu Dhabi Bank (FAB). Mr. André also served as the Chief Executive Officer of First Abu Dhabi Bank (FAB) from 2020 to 2021, and as a board member of First Abu Dhabi Bank (FAB) between 2021 and 2023, during which time he was a member of the Audit committee and Risk & ESG committee.

Mr. André holds a Bachelor of Business Administration degree from the American University of Beirut and a Master of Business Administration degree (majoring in Corporate Finance) from the American University of Beirut.

### ***Reed Hamad Khamis Al-Sheryani Al-Dhaheeri***

Ms. Reed Hamad Khamis Al-Sheryani Al-Dhaheeri has served as a Director (Independent) of the Company since July 2024. Ms. Al-Dhaheeri is a chairwoman of the UAE Women's Electronic Sports Federation Committee (since 2022), partner and board member of Reed Law Firm and Legal Consultations (since 2012), board member at Mada'in (since 2007), and the First Vice President of the International Arab Federation for Women's Electronic Sports (since June 2022). Ms. Al-Dhaheeri was previously a member of the board of directors of the Abu Dhabi Chamber of Commerce and Industry (from 2014 to 2022) and the chairwoman of multiple committees within the Abu Dhabi Chamber of Commerce and Industry.

Ms. Al-Dhaheeri holds a Bachelor of International Management and Marketing degree from Southeastern University (Washington D.C., USA) and a Bachelor of Law and Economics degree from the United Arab Emirates University.

### ***Salmeen Obaid Suwaid Alsembari Al Ameri***

Mr. Salmeen has served as a Director (Non-Executive) of the Company since July 2024. Mr. Salmeen also serves as the vice chairman of Agthia Group, an Abu Dhabi based food and beverage company, and as a board member of the Abu Dhabi Sustainable Water Solutions Company. Mr. Salmeen is the chief executive officer of Silal, an ADQ company established to diversify food product sources and stimulate the manufactured and agri-food sectors of the UAE.

Mr. Salmeen holds a Bachelor of Business Administration and Management from Eastern Washington University and Master in Management, Communications, Marketing and Media degree from the Paris Sorbonne University in Abu Dhabi.

## **Senior Management**

In addition to the members of the Board, the day-to-day management of the Company's operations are conducted by the senior management team, as follows:

<b>Name</b>	<b>Year of birth</b>	<b>Position</b>	<b>Year of appointment</b>
Saifuddin Taher Bhai Rupawala	1959	Chief Executive Officer	2024
Ashraf Ali MA	1959	Executive Director - Global Operations	2024
Prasad Kallingal Kuttappan	1972	Chief Financial Officer	2024
Abdul Saleem Valiyakath Ibrahimkutty	1961	Chief Operating & Strategy Officer	2024
Salim Musalim Veettil Aboo	1969	Group Director – Global Operations	2024
Mohamed Althaf Musliam Veetil Mohamed	1968	Group Director – Global Operations & Chief Sustainability Officer	2024
Parameswaran Nampoothiri Easwaran Nampoothiri	1971	Director – Finance	2024
Santhoshkumar Raghavan Pillai	1973	Director – Accounts & Control	2024
Shabu Puthiyaveettil Abdul Majeed	1974	Director – Global Operations	2024
Abdu Rasak Chuzhiyangatel Paliyath	1967	Director – HR	2024
Nandakumar Vijayappan	1973	Director – Marketing and Communications	2024
Mohamed Anish Poovamparambil	1982	Group Chief Information Officer	2024



Jeevan Krishna	1970	Chief Legal & Compliance Officer	2024
Nidhin Jose	1992	Director Investor Relations, Group Company Secretary	2024

**Company Secretary**

<b>Name</b>	<b>Year of birth</b>	<b>Position</b>	<b>Year of appointment</b>
Nidhin Jose	1992	Company Secretary	2024

The management expertise and experience of each of the senior management team and the Board Secretary is set out below.

***Saifuddin Taher Bhai Rupawala (Chief Executive Officer)***

See “Board of Directors —Saifuddin Taher Bhai Rupawala”.***Ashraf Ali MA (Executive Director – Global Operations)***

See “Board of Directors —Ashraf Ali MA”.

***Prasad Kallingal Kuttappan (Chief Financial Officer)***

Mr. Prasad Kallingal Kuttappan has served as Chief Financial Officer of the Company since July 2024. Previously, Mr. Prasad served as the Director- Audit for the LuLu Group from May 2016 until June 2024. Mr. Prasad is responsible for supporting the development of the Group’s strategies by providing financial and operational insights, supporting the Chief Executive Officer in setting the revenue and profitability targets for the Group, obtaining approval of the Group’s budget, approving and presenting the Group’s performance analysis to the Chief Executive Officer and Board, obtaining approval of the quarterly and annual financial statements, supporting the establishment of the Group’s risk management framework. He is also responsible for providing information, insight and guidance required to effectively operate the business while identifying and addressing the financial impact of business decisions and strategic initiatives. Mr. Prasad first joined the LuLu Group in 1998.

Mr. Prasad holds a Bachelor of Commerce degree from the University of Calicut. He is also a Chartered Accountant.

***Abdul Saleem Valiyakath Ibrahim Kutty (Chief Operating & Strategy Officer)***

See “Board of Directors — Abdul Saleem Valiyakath Ibrahim Kutty”.

***Salim Musalim Veetil Aboo (Group Director – Global Operations)***

Mr. Salim has served as Group Director – Global Operations of the Company since July 2024. Previously, Mr. Salim served as Director – Global Operations of the LuLu Group from 2012 until June 2024. Mr Salim oversees the Group’s global operations and leads the Group’s fast moving consumer goods and fruits and vegetables segments. Mr. Salim has led the Group’s operations in Dubai, the Northern Emirates and Far-East countries. Mr. Salim was also involved in opening sourcing offices across the globe. Mr. Salim first joined the LuLu Group in 1989 as the business development manager for the Group’s UAE operations.

Mr. Salim holds a Bachelor of Commerce degree from Kerala University.

***Mohamed Althaf Musliam Veetil Mohamed (Group Director – Global Operations & Chief Sustainability Officer)***

Mr. Mohamed Althaf has served as Group Director – Global Operations & Chief Sustainability Officer of the Company since July 2024. Previously, Mr. Althaf served as the Regional Director,

Qatar for LuLu Group from 2006 until June 2024. Mr. Althaf oversees the Group's export and distribution operations in the USA, UK, Canada, Italy, Spain and Australia. Mr. Althaf first joined the LuLu Group in 2001 as Head of Operations for Qatar.

Mr. Althaf holds a Bachelor of English from Gujarat University and a Master in English Literature and Linguistics from the University of Delhi. Mr. Althaf also holds a Bachelor of Law (LLB) from the University of Delhi. Additionally, he was awarded a Doctorate in Global Leadership and Management from the European International University, Paris and an executive qualification in Advanced Management Leadership from Said Business School, University of Oxford.

***Parameswaran Nampoothiri Easwaran Nampoothiri (Director – Finance)***

Mr. Parameswaran Nampoothiri has served as Director – Finance of the Company since July 2024. Previously, Mr. Nampoothiri was Finance Manager of the LuLu Group from May 2016 to June 2024. Mr. Nampoothiri is responsible for planning and managing the Group's financial risks within acceptable level as per Group's strategy, including the Group's hedging policy, managing the Group's working capital and investment related funding requirements and ensuring adequate headroom in facilities, maintaining excellent relationships with financial institutions across all geographies, negotiating optimum banking facilities with these financial institutions, ensuring effective monitoring and timely reporting of banking covenants, and ensuring appropriate accounting treatment for treasury and investing activities and cashflow related matters. Mr. Nampoothiri first joined the LuLu Group in 2001.

Mr. Nampoothiri holds a Bachelor of Commerce degree from Kerala University. He is also a Chartered Accountant.

***Santhoshkumar Raghavan Pillai (Director – Accounts & Control)***

Mr. Santhoshkumar Raghavan Pillai has served as Director – Accounts & Control of the Company since July 2024. Previously, Mr. Santhosh served as the Director – Internal Audit for the LuLu Group from January 2021 until June 2024. Mr. Santhosh is in-charge of the Group's Accounts and Control function and is responsible for managing and ensuring timely and accurate preparation and reporting of the Group's accounts on quarterly and annual basis in compliance with relevant reporting requirements, analysing and reporting on the Group's operational and financial performance on a periodic basis, driving and overseeing the development of the Group's financial plans, budgets and forecasts, driving the Group's tax compliance and planning, and managing the Group's financial risk registers and the Group's internal controls over financial reporting. He is also responsible for designing, developing and implementing accounting policies and procedures consistent with the standards and to ensure statutory compliance. Mr. Santhosh first joined the LuLu Group in 2001 as an Internal Auditor.

Mr. Santhosh holds a Bachelor of Commerce degree from Kerala University. He is also a Chartered Accountant from the Institute of Chartered Accountants of India.

***Shabu Puthiyaveetil Abdul Majeed (Director – Global Operations)***

Mr. Shabu Abdul Majeed has served as Director – Global Operations of the Company since July 2024. Previously, Mr. Shabu served as the Director Retail Operations of the LuLu Group from March 2013 until June 2024. Mr. Shabu is responsible for overseeing strategic planning and global operations, including supply chain management, procurement, inventory control, quality assurance, and retail operations at the Group level. Mr. Shabu first joined the LuLu Group in 1996.

Mr. Shabu holds a Bachelor of Science degree from the University of Calicut.

***Abdu Rasak Chuzhiyangatel Paliyath (Director – HR)***

Mr. Abdu Rasak has served as Director – HR of the Company since July 2024. Previously, Mr. Rasak served as Director – HR of the LuLu Group from 2014 until June 2024. Mr. Rasak is responsible for, among others, forecasting staffing needs and succession planning, addressing employee grievances, ensuring compliance with labour laws and designing competitive compensation packages and benefits programmes. Mr. Rasak first joined the LuLu Group in 1993.

Mr. Rasak holds a Bachelor of Science degree from the University of Calicut.

***Nandakumar Vijayappan (Director – Marketing and Communications)***

Mr. Nandakumar Vijayappan has served as Director – Marketing and Communications of the Company since July 2024. Previously, Mr. Nandakumar served as Director – Marketing and Communications of the LuLu Group from 2020 until June 2024. Mr. Nandakumar first joined the LuLu Group in 2001 as an Advertising Coordinator. Previously Mr. Nandakumar was the Group’s Chief Communications Officer (from 2012 until 2020) and Manager – Advertising & Promotions (from 2006 until 2012).

Mr. Nandakumar holds a Bachelor of Commerce & Business degree from Sambalpur University.

***Mohamed Anish Poovamparambil (Group Chief Information Officer)***

Mr. Anish has served as Group Chief Information Officer of the Company since July 2024. Previously, Mr. Anish served as the Group Chief Information Officer of the LuLu Group from August 2022 until June 2024. Mr. Anish is responsible for, among others, developing and implementing IT strategy to support business goals, implementing and managing retail technology solutions, and driving the Group’s digital transformation. Mr. Anish first joined the LuLu Group in 2005 as a Junior Software Developer. Previously Mr. Anish was the Deputy Group IT Manager.

Mr. Anish holds a Bachelor of Technology (Information Technology) degree from Mahatma Gandhi University.

***Jeevan Krishna (Chief Legal & Compliance Officer)***

Mr. Jeevan Krishna has served as Chief Legal & Compliance Officer of the Company since July 2024. Previously, Mr. Jeevan served as the Chief Legal & Compliance Officer of the LuLu Group from 2019 until June 2024. Mr. Jeevan has over three decades of experience in the legal field internationally and particularly in the Middle East. In his current position, Mr. Jeevan is responsible for managing and directing the legal and compliance functions of the entire Group. This includes ensuring that all operations and activities comply with relevant laws, regulations, and ethical standards. He works closely with internal teams and external stakeholders to provide legal guidance, mitigate risks, and ensure the Group's compliance with legal requirements. Prior to joining the Group, Mr. Jeevan served as the Senior Legal Counsel for another UAE based entity, overseeing the organisation's legal department and managing various joint ventures and in various jurisdictions.

Mr. Jeevan holds a Bachelor of Law (LLB) degree from Mangalore University and a Master of Laws (LLM) degree from Kerala University.

***Nidhin Jose (Director Investor Relations, Group Company Secretary)***

Mr. Nidhin Jose has served as Director Investor Relations, Group Company Secretary, since July 2024. Previously, Mr. Nidhin was the Group Company Secretary of the LuLu Group from November 2020 until June 2024. Mr. Nidhin manages relationships with investors, analysts, and other key stakeholders. He is also responsible for managing the Board related matters in his capacity as the Group Company Secretary.

Mr. Nidhin first joined the LuLu Group in 2020 as Company Secretary. Previously Mr. Nidhin was a Company Secretary and Chief Compliance Officer of a listed Indian pharmaceutical company, where he played a key role in navigating complex regulatory landscapes and enhancing corporate governance frameworks.

Mr. Nidhin holds a Bachelor of Law (LLB) degree from Karnataka State Law University, India, a Master of Commerce Degree from Indra Gandhi National Open University and a Post Graduate degree (FCS) in Company Secretaryship from the Institute of Company Secretaries of India.

**Company's Organization Chart**

Please refer to Annex 5.

**Employment positions of members of the senior executives in the Company's subsidiaries and other public joint stock companies in the UAE**

All members of the Senior Management hold executive positions within the Group.

**Employment positions of members of the board of directors in the Company's subsidiaries and other public joint stock companies in the UAE**

*Employment positions within the subsidiaries of the Group:*

Mr. Yusuffali holds a number of executive positions in subsidiaries within the Group.

Mr. Saifuddin Rupawala serves as the Chief Executive Officer of the Company and holds a number of executive positions in subsidiaries within the Group.

Mr. Ashraf Ali MA serves as the Executive Director - Global Operations of the Company and holds a number of executive positions in subsidiaries within the Group.

Mr. Abdul Saleem Valiyakath Ibrahimkutty is the Chief Operating & Strategy Officer of the Company and holds a number of executive positions in subsidiaries within the Group.

*Employment position in public joint stock companies in the UAE:*

Mr. Gil Adoteye Adotevi-Akue holds the position of Chief Investment Officer at Abu Dhabi Developmental Holding Company PJSC (ADQ).

### **Conditions of eligibility, election, removal and proposed names of the Company's first Board formation**

Board members will be elected by the shareholders in a general meeting by using the cumulative voting system set out in the Articles of Association. The Board of Directors was appointed by the Selling Shareholder for a period of 3 years.

If a position becomes vacant during the term of the Board, then a replacement may be appointed in accordance with the provisions of the Company's Articles of Association. Any such replacement shall serve the remaining term of the director who vacated his or her position.

### **Director's competencies and responsibilities:**

#### **The key responsibilities of the Board include:**

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of new ordinary shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling Shareholder meetings and ensuring appropriate communication with Shareholders.

## **2. Board Committees**

The Board has an Audit Committee, and a Nomination and Remuneration Committee (each of which will be subject to the composition requirements of the Governance Rules). If the need should arise, and subject to the Articles of Association, the Board may set up additional committees as appropriate. In accordance with the Governance Rules, the Chairman is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee.

A high-level overview of the mandate of each of these committees, as at Listing, is set out below.

### **Audit Committee**

Certain members of the Board of Directors (together with an independent specifically appointed chairperson) constitute a committee to review and oversee the Company's internal and external audit and financial accounting policies. The members of the audit committee are as follows:

Name	Position
André Sayegh	Chairperson
Reed Hamad Khamis Al Sheriani Al Dhaheri	Member
Gil Adoteye Adotevi-Akue	Member

The Audit Committee assists the Board in discharging its responsibilities relating to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with the external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the internal control review function. The Audit Committee also assists the Board in overseeing the valuation process carried out by management, reviewing and approving valuation policy and the Company's procedures manual on an annual basis, and liaising with auditors regarding their views on valuation.

The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the ADGM and SCA.

The Audit Committee will take appropriate steps to ensure that the Company's external auditors are independent of the Company as required by applicable law.

The Audit Committee will meet at least once every three months or as required. The Audit Committee charter requires that the Audit Committee must comprise at least three Non-Executive Board members, of whom at least two members shall be independent. At least one of the Audit Committee members shall have practical work experience in accounting or finance fields or shall have a university degree or a professional certificate in accounting or finance or other relevant fields.

One or more of the committee members may be appointed from outside the Company in case

the available number of Non-Executive Board members is insufficient.

### ***Nomination and Remuneration Committee***

Certain members of the Board of Directors constitute a committee to review and oversee the Company's nomination and remuneration. The members of the nomination and remuneration committee are as follows:

<b>Name</b>	<b>Position</b>
Reed Hamad Khamis Al Sheriani Al Dhaheri	Chairperson
Abdulrahman Abaalkhail	Member
Salmeen Al Ameri	Member

The Nomination and Remuneration Committee assists the Board in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management. In such capacity, it is responsible for evaluating the hiring of the Company's senior executive management, evaluating the balance of skills, knowledge and experience of the Board and committees of the Board and, in particular, monitoring the independent status of the independent Directors. It is also responsible for periodically reviewing the Board's structure and identifying, where relevant, potential independent candidates to be appointed as Directors or committee members as the need may arise. In addition, and subject to the Articles, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the remuneration policy and determining the individual remuneration and benefits package of the senior management.

The Nomination and Remuneration Committee must comprise at least three Non-Executive Directors, at least two of whom must be independent, in each case within the meaning of those terms in the Governance Rules. The chairperson of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The members of the Nomination and Remuneration Committee will be appointed in accordance with the Articles of Association. The Nomination and Remuneration Committee will meet at least once a year, and otherwise from time to time based on the Company's requirements.

### **3. Legal matters**

The following is a summary of the legal matters that will apply to the Company following its Listing. The legal matters listed below must be read in light of the provisions of the Company's Articles of Association (which are set out in Annex 2 of this Prospectus).

- **Articles of Association**

The Company's Articles of Association and the Companies Regulations describe the rights and obligations associated with the ownership of the Shares in detail. The full text of the Articles of Association of the Company is annexed in Annex 2 of this Prospectus.



- **The applicability of Governance Rules and the Companies Regulations**

The Company decided voluntarily to comply with the Governance Rules as issued by the Securities and Commodities Authority, as amended from time to time in its entirety subject to any exemptions that the Company may seek from the ADX in this regard. Accordingly, any contradictions between provisions found in Company's Articles of Association which is based on the Companies Regulations, the Company shall comply with the governance rules as issued by the Securities and Commodities Authority and in particular, but not limited to the following: 1) the annual general meeting; 2) Board composition and required eligibility for each member; 3) all provisions related to the Board and in particular the remuneration of the Board; 4) permanent committees; 5) provisions for entering into related parties transactions; 6) insiders; 7) The independency requirements in relation to the Board; 8) provisions on the conflict of interest.

- **Attending General Meeting and voting rights**

Each Shareholder shall have the right to attend the General Meeting and shall have a number of votes equal to the number of their Shares (other than in relation to the election of directors, where Shareholders shall have an additional number of votes in accordance with the cumulative voting system set out in the Articles).

- **Share register**

Upon listing on the ADX, the Shares will be dematerialized and the share register will be maintained by the ADX.

- **Financial information**

A Shareholder is entitled to request a copy of the annual audited financial statements of the Company.

- **Financial year**

The financial year of the Company will start on the 1<sup>st</sup> of January and end on 31<sup>st</sup> of December of each year.

- **Dividends and liquidation proceeds**

The Company shall pay dividends on Shares in compliance with the relevant laws and regulations applicable to the Company. Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with the Company's Articles of Association and applicable law and regulation in the ADGM.

- **General Meeting**

An annual general meeting shall be held in accordance with the Companies Regulations, at

such place or places (including electronic platforms), date and time as may be decided by the Directors.

The Directors may, whenever they think fit, call a general meeting. The Directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Regulations. The Directors shall determine whether a general meeting is to be held as a physical general meeting or an electronic general meeting.

Notice of general meetings shall include all information required to be included by the Companies Regulations and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles.

- **Liability of the Board**

The members of the Board owe general duties to the Company in accordance with the Companies Regulations (including exercising reasonable care, skill and diligence and acting to promote the success of the Company). The Company may bring a claim against any member of the Board in breach of its directors' duties, with available remedies varying depending on the severity of the breach but may include damages, injunctive relief and other remedies.

Subject to the prior permission of the ADGM court, an eligible shareholder may independently initiate proceedings against any member of the Board if the Company fails to do so in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by that member of the Board.

So far as may be permitted by the Companies Regulations, every Director, officer, senior manager or alternate director (or former director, officer, senior manager or alternate director) of the Company or of an associated company (as contemplated by section 278 of the Companies Regulations) may be indemnified out of the Company's assets against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by them or any other liability incurred by them in the execution of their duties, the exercise of their powers or otherwise in connection with their duties, powers or offices.

- **Appointment of the Chairperson and the Powers of the Chairperson**

Yusuffali Musaliam Veetil Abdul Kader is the chairperson of the Board, and is considered the chairperson during Board meetings and in the absence of the chairperson, the vice chairperson shall chair such meetings.

- **Corporate Governance**

The Company shall be subject to the corporate governance rules as published by SCA and amended from time to time.

#### **4. Supervision and Regulation**

The Company is a public company limited by shares incorporated in the ADGM. The ADGM is a financial free zone within the meaning of UAE Federal Law No. 8 of 2004 (the “**Financial Free Zones Law**”) and was established pursuant to UAE Federal Decree No. 15 of 2013. As a company incorporated in the ADGM, and in accordance with the Financial Free Zones Law, the Company is not subject to UAE federal civil, and commercial laws. In particular, and without limitation, the Company is not subject to the provisions of the UAE Commercial Companies Law nor a variety of other legislation which applies to companies incorporated ‘onshore’ in the UAE. Instead, the Company is governed by applicable laws and regulations in the ADGM including the Companies Regulations.

In accordance with the ADGM legal framework applicable to public companies such as the Company, its primary constitutional document is its Articles of Association. Apart from various matters governed by the Companies Regulations and other ADGM rules and regulations, the principal corporate governance and disclosure and transparency rules applicable to the Company are set out in the Companies Regulations, certain provisions of the SCA Governance Guide, the provisions of the Chairman of the SCA’s Board of Directors’ Decision No. 3 of 2000 concerning the regulations as to disclosure and transparency and in the Articles of Association and related documents (such as charters, policies and procedures adopted by the Board of Directors from time to time). The ADGM Board of Directors and, in certain circumstances, the ADGM Registration Authority has the power and authority to investigate violations of the Companies Regulations, including if it appears to it that there are circumstances suggesting that an ADGM company’s affairs are being or have been conducted in a manner which is unfairly prejudicial to some part of its members, and in certain cases to refer such violations to ADGM courts. Shareholders in ADGM companies may also directly seek injunctions from ADGM courts against acts in violation of the Companies Regulations or constitutional documents and can seek to recover damages for such violations from ADGM companies and their directors.

Pursuant to the ADX listing rules, the ADX has the authority to approve and supervise the governance rules applicable to financial free zone companies such as the Company that list securities on the ADX.

The corporate governance regime applicable to the Company is different from that applicable to entities incorporated under the UAE Commercial Companies Law and regulated by the SCA. Investors should familiarise themselves with applicable ADGM laws and regulations, and the Articles of Association annexed to the Prospectus.

## **5. ADGM No Objection**

The ADGM Registration Authority has issued a certificate of no objection to the Listing and the Offering in accordance with Article 33 of SCA Decision No. 11 of 2016 concerning the Regulation of Offering and Issuing Shares in Public Joint Stock Companies (as amended by the SCA Decision No. 25/RM/2020).

## **6. Independent Auditors**

Deloitte & Touche (M.E.) LLP undertook the task of auditing the Annual Financial Statements

for the three-month financial periods ended 31 March 2024 and 31 March 2023 and years ended 31 December 2023, 2022 and 2021. The Annual Financial Statements were prepared in accordance with IFRS. Deloitte & Touche (M.E.) LLP undertook the task of reviewing the Interim Financial Statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial reporting".

#### **7. Details of any Employee Ownership Scheme**

None.

## **Annex 1 – Financial Statements**

# **Lulu Retail Holdings Limited**

## **Report and consolidated financial statements**

**For the three-month periods ended 31 March 2024 and 2023  
and the years ended 31 December 2023, 2022 and 2021**

# **Lulu Retail Holdings Limited**

## **Report and consolidated financial statements**

**For the three-month periods ended 31 March 2024 and 2023 and years ended 31 December 2023, 2022 and 2021**

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## **INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS OF LULU RETAIL HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS REPORT**

#### **Opinion**

We have audited the consolidated financial statements of Lulu Retail Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods ended 31 March 2024 and 31 March 2023 and the years ended 31 December 2023, 31 December 2022 and 31 December 2021, 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 financial position of the Group as at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, and its consolidated financial performance and its cash flows for the periods ended 31 March 2024 and 31 March 2023 and the years ended 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

#### **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 ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates 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.

#### **Other Matter**

The consolidated financial statements are prepared solely for inclusion in the Company’s initial public offering to be filled with both the Securities and Commodities Authority (“SCA”) of the United Arab Emirates and the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia. As a result, the consolidated financial statements may not be suitable for another purpose.



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

**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 IFRSs 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.

**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 risk, 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;

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

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

- 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte & Touche (M.E.) LLP



Faeza Sohawon  
17 July 2024  
Abu Dhabi

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at

		<i>31 March</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>
	<i>Notes</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	10	<b>1,446,918</b>	1,461,430	1,881,205	1,855,579
Right-of-use assets	11	<b>1,724,818</b>	1,868,395	2,907,397	2,630,842
Investment properties	12	<b>14,626</b>	15,010	47,338	51,094
Investments at fair value through other comprehensive income (FVTOCI)		<b>1,196</b>	1,369	1,495	1,621
Other non-current assets	13	-	62	13,824	10,610
Deferred tax assets	28	<b>14,434</b>	11,779	18,283	13,135
<b>Total non-current assets</b>		<b>3,201,992</b>	3,358,045	4,869,542	4,562,881
<b>Current assets</b>					
Inventories	14	<b>1,488,103</b>	1,374,607	1,395,175	1,296,361
Trade and other receivables	15	<b>407,446</b>	331,507	339,631	256,768
Due from related parties	9	<b>3,238</b>	2,415,670	1,702,581	1,381,924
Cash and cash equivalents	16	<b>322,555</b>	277,694	441,399	326,581
		<b>2,221,342</b>	4,399,478	3,878,786	3,261,634
Assets held for sale	6	-	246,628	-	-
<b>Total current assets</b>		<b>2,221,342</b>	4,646,106	3,878,786	3,261,634
<b>Total assets</b>		<b>5,423,334</b>	8,004,151	8,748,328	7,824,515
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	17	<b>144,605</b>	-	-	-
Capital reserve	17	-	65,282	65,282	65,282
Other reserves	17	<b>32,682</b>	20,405	20,237	19,964
Other equity	17	<b>(3,086)</b>	(10,898)	(9,352)	(2,281)
Retained earnings	17	<b>687,382</b>	692,118	716,989	733,709
<b>Total equity, net</b>		<b>861,583</b>	<b>766,907</b>	<b>793,156</b>	<b>816,674</b>

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

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at (continued)

		<i>31 March</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>
<i>Notes</i>		<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank borrowings	18	337	513,378	841,136	888,386
Loans from related parties	19	-	-	497,345	536,130
Employees' defined benefit obligations	20	168,860	176,785	169,105	162,999
Lease liabilities	21	1,698,011	1,827,674	2,892,162	2,569,510
Deferred gain on sale and lease back	21	-	-	16,728	18,432
Deferred tax liabilities	28	142	4,633	5,353	5,060
<b>Total non-current liabilities</b>		<b>1,867,350</b>	<b>2,522,470</b>	<b>4,421,829</b>	<b>4,180,517</b>
<b>Current liabilities</b>					
Trade and other payables	22	1,479,819	1,380,024	1,389,501	1,295,909
Bank borrowings	18	779,552	615,625	1,111,791	1,254,221
Lease liabilities	21	169,206	173,428	206,975	192,675
Loans from related parties	19	-	-	229,672	38,706
Due to related parties	9	235,398	2,325,949	580,623	32,245
Tax payable		30,426	17,672	13,096	11,829
Deferred gain on sale and lease back	21	-	-	1,685	1,739
		<b>2,694,401</b>	<b>4,512,698</b>	<b>3,533,343</b>	<b>2,827,324</b>
Liabilities directly associated with assets held for sale	6	-	202,076	-	-
<b>Total current liabilities</b>		<b>2,694,401</b>	<b>4,714,774</b>	<b>3,533,343</b>	<b>2,827,324</b>
<b>Total liabilities</b>		<b>4,561,751</b>	<b>7,237,244</b>	<b>7,955,172</b>	<b>7,007,841</b>
<b>Total equity and liabilities</b>		<b>5,423,334</b>	<b>8,004,151</b>	<b>8,748,328</b>	<b>7,824,515</b>

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.



**Saifuddin Taher Bhai Rupawala**  
Director



**Abdul Saleem Valiyakath Ibrahim Kutty**  
Director

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

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month periods ended 31 March and the years ended 31 December

	Notes	31 March 2024 USD '000	31 March 2023 USD '000	31 December 2023 USD '000	31 December 2022 USD '000	31 December 2021 USD '000
<b>Continuing operations</b>						
Revenue	23	1,939,603	1,802,752	7,277,956	6,893,966	6,312,365
Cost of revenue	24	(1,492,975)	(1,386,637)	(5,602,829)	(5,344,826)	(4,912,862)
<b>Gross profit</b>		<b>446,628</b>	416,115	1,675,127	1,549,140	1,399,503
Other operating income	25	66,920	58,219	273,167	255,942	223,426
Operating expenses	26	(406,970)	(380,990)	(1,580,173)	(1,507,043)	(1,398,378)
Finance costs, net	27	(42,038)	(46,885)	(153,403)	(246,962)	(188,569)
<b>Profit before tax</b>		<b>64,540</b>	46,459	214,718	51,077	35,982
Income tax expense	28	(4,372)	(4,040)	(22,674)	(14,909)	(12,177)
<b>Profit for the period/year from continuing operations</b>		<b>60,168</b>	42,419	192,044	36,168	23,805
<b>Discontinued operations</b>						
Profit/(loss) after tax for the period/year from discontinuing operations	6	32,916	(6,026)	29,722	(22,115)	(16,251)
<b>Profit for the period/year</b>		<b>93,084</b>	36,393	221,766	14,053	7,554
<b>Other comprehensive income/(loss)</b>						
<i>Item that will not be reclassified subsequently to profit or loss</i>						
Re-measurement of employees' defined benefit obligations liability	20	10,554	-	(91)	998	1,632
Net fair value (loss)/gain on equity investments at FVTOCI		(173)	(139)	(126)	(125)	759
<i>Items that will be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations		(2,569)	(1,120)	(1,329)	(7,944)	(2,719)
<b>Other comprehensive income/ (loss) for the period/year</b>		<b>7,812</b>	(1,259)	(1,546)	(7,071)	(328)
<b>Total comprehensive income for the period/year</b>		<b>100,896</b>	35,134	220,220	6,982	7,226
<b>Earnings per share:</b>						
Basic and diluted (USD cents per share)	29	0.90	0.35	2.15	0.14	0.07
<b>Earnings per share for continuing operations:</b>						
Basic and diluted (USD cents per share)		0.58	0.41	1.86	0.35	0.23

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

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month periods ended 31 March and the years ended 31 December

	<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 2021	-	-	65,282	19,960	(1,953)	763,244	846,533
Profit for the year	-	-	-	-	-	7,554	7,554
Other comprehensive loss for the year	-	-	-	-	(328)	-	(328)
Total comprehensive (loss)/ income for the year	-	-	-	-	(328)	7,554	7,226
Transfer to other reserve	-	-	-	4	-	(4)	-
Dividend paid (Note 35)	-	-	-	-	-	(37,085)	(37,085)
Balance at 31 December 2021	-	-	65,282	19,964	(2,281)	733,709	816,674
Profit for the year	-	-	-	-	-	14,053	14,053
Other comprehensive loss for the year	-	-	-	-	(7,071)	-	(7,071)
Total comprehensive (loss)/ income for the year	-	-	-	-	(7,071)	14,053	6,982
Transfer to other reserve	-	-	-	273	-	(273)	-
Dividend paid (Note 35)	-	-	-	-	-	(30,500)	(30,500)
Balance at 31 December 2022	-	-	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 reserve	-	-	-	168	-	(168)	-
Dividend declared and adjusted against related party balances (Note 35)	-	-	-	-	-	(245,574)	(245,574)
Balance at 31 December 2023	-	-	65,282	20,405	(10,898)	692,118	766,907

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

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month periods ended 31 March and the years ended 31 December

	<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 01 January 2023	-	-	65,282	20,237	(9,352)	716,989	793,156
Profit for the period	-	-	-	-	-	36,393	36,393
Other comprehensive loss for the period	-	-	-	-	(1,259)	-	(1,259)
Total comprehensive (loss)/ income for the period	-	-	-	-	(1,259)	36,393	35,134
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>65,282</b>	<b>20,237</b>	<b>(10,611)</b>	<b>753,382</b>	<b>828,290</b>
Balance at 01 January 2024	-	-	65,282	20,405	(10,898)	692,118	766,907
Profit for the period	-	-	-	-	-	93,084	93,084
Other comprehensive income for the period	-	-	-	-	7,812	-	7,812
Total comprehensive income for the period	-	-	-	-	7,812	93,084	100,896
Issuance of shares and deemed distribution on reorganisation (Note 17)	5,164,453	(5,105,391)	(65,282)	-	-	-	(6,220)
Capital reduction (Note 17)	(5,019,848)	5,019,848	-	-	-	-	-
Adjustment of Merger Reserve (Note 17)	-	85,543	-	-	-	(85,543)	-
Transfer to other reserve	-	-	-	12,277	-	(12,277)	-
<b>Balance at 31 March 2024</b>	<b>144,605</b>	<b>-</b>	<b>-</b>	<b>32,682</b>	<b>(3,086)</b>	<b>687,382</b>	<b>861,583</b>

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

# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month periods ended 31 March and the years ended 31 December

Notes	<b>31 March 2024 USD '000</b>	<b>31 March 2023 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations	<b>64,540</b>	46,459	214,718	51,077	35,982
Profit/(loss) before tax from discontinued operations	<b>32,976</b>	(6,791)	26,263	(22,408)	(16,616)
Profit before tax	<b>97,516</b>	39,668	240,981	28,669	19,366
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Depreciation of property and equipment	10 <b>39,834</b>	38,220	157,010	151,125	151,110
Depreciation of right-of-use-assets	11 <b>57,908</b>	72,592	281,335	283,152	265,001
Depreciation of investment properties	12 <b>924</b>	1,338	5,385	5,389	5,914
(Gain)/ loss on disposal of property and equipment	<b>(32)</b>	6,493	349	(136)	(1,321)
Gain arising from lease modification	<b>(33,288)</b>	-	(73,316)	-	-
Loss allowance	<b>-</b>	-	448	456	1,392
Write-off of property, plant and equipment	10 <b>3,563</b>	6,521	17,849	-	5
Interest expense	<b>40,968</b>	76,407	271,574	251,577	194,610
Interest income	<b>(35)</b>	(26,691)	(117,077)	(297)	(324)
Employees' defined benefit obligations	20 <b>7,155</b>	6,350	27,886	22,683	4,895
Amortisation of deferred gain on sale and lease back	<b>-</b>	(422)	(18,453)	(1,737)	(1,882)
<b>Operating cash flows before movement in working capital</b>	<b>214,513</b>	220,476	793,971	740,881	638,766
(Increase)/decrease in due from related parties	<b>(21,735)</b>	25,772	(319,251)	(133,006)	56,496
(Increase)/decrease in inventories	<b>(113,496)</b>	(67,241)	20,568	(98,814)	(10,350)
Increase in trade and other receivables	<b>(45,520)</b>	(100,943)	(81,593)	(113,616)	(57,775)
Decrease/(increase) in other receivables	<b>61</b>	(2,477)	13,762	(3,215)	(3,239)
Increase in trade and other payables	<b>89,311</b>	70,607	22,453	94,859	57,992
Increase in due to related parties	<b>13,705</b>	10,376	572	2,292	3,784
<b>Cash generated from operations</b>	<b>136,839</b>	156,570	450,482	489,381	685,674
Employees' defined benefit obligations paid	20 <b>(3,901)</b>	(4,542)	(19,553)	(15,393)	(12,730)
Income tax paid	<b>(9,413)</b>	(3,773)	(19,971)	(19,467)	(15,824)
Interest paid	<b>(40,968)</b>	(76,407)	(271,574)	(251,577)	(194,610)
<b>Net cash generated from operating activities</b>	<b>82,557</b>	71,848	139,384	202,944	462,510
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	<b>(23,439)</b>	(46,221)	(155,099)	(162,813)	(224,329)
Purchase of investment properties	<b>(19)</b>	(290)	(1,136)	(502)	-
Proceeds from disposal of property and equipment	<b>497</b>	151	1,231	813	11,784
Proceeds from disposal of investment properties	<b>-</b>	-	-	-	7,398
<b>Net cash used in investing activities</b>	<b>(22,961)</b>	(46,360)	(155,004)	(162,502)	(205,147)

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



# Lulu Retail Holdings Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month periods ended 31 March and the years ended 31 December

<i>Notes</i>	<b>31 March 2024 USD '000</b>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Cash flows from financing activities</b>					
Proceeds from / (payment to) bank borrowings	18	<b>184,583</b>	(72,161)	(823,924)	(189,680)
Net funds (paid to) / received from related parties		<b>(139,005)</b>	238,384	1,015,658	357,477
Repayment of principal portion of lease liabilities	21	<b>(52,127)</b>	(75,030)	(201,689)	(211,470)
(Repayment of)/proceeds from loans from related parties	18(f)	-	(92,958)	(135,798)	152,181
Dividends paid	35	-	-	-	(30,500)
		<b>(6,549)</b>	(1,765)	(145,753)	78,008
<b>Net cash generated from/ (used in) financing activities</b>		<b>(6,549)</b>	(1,765)	(145,753)	78,008
<b>Net increase in cash and cash equivalents</b>		<b>53,047</b>	23,723	(161,373)	118,450
Cash and cash equivalents at beginning of the period/year		<b>278,870</b>	441,399	441,399	326,581
Effects of foreign exchange rate changes		<b>(9,362)</b>	(1,619)	(1,156)	(3,632)
<b>Cash and cash equivalents at the end of the period/year</b>	<b>16</b>	<b>322,555</b>	<b>463,503</b>	<b>278,870</b>	<b>441,399</b>
		<b>322,555</b>	<b>463,503</b>	<b>278,870</b>	<b>441,399</b>

Refer to Note 34 to the consolidated financial statements for disclosure of non-cash transactions.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 1 GENERAL INFORMATION

Lulu Retail Holdings Limited (formerly “Lulu IP SPV Ltd.”) (the “Company”) is registered with Abu Dhabi Global Market (“ADGM”), under the license number 000003044 as a Private Company Limited by Shares. The Company was incorporated on 23 September 2019 and the name of the Company was changed from Lulu IP SPV Ltd. to Lulu Retail Holdings Limited on 24 November 2023. The registered address of the Company is PO Box 2454, 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, U.A.E.

The Company is 100% owned by Lulu International Holdings Limited (the “Parent Company”, together with its subsidiaries referred to as “Lulu Group”), an entity registered with Abu Dhabi Global Market (“ADGM”), under the license number 000000988, as a Private Company Limited by Shares. The registered address of the Parent Company is PO Box 2454, 24, Al Sila Tower, Abu Dhabi Global Market Square (ADGM), Al Maryah Island, Abu Dhabi, U.A.E. The Company is ultimately controlled by Mr. Yusuffali Musaliam Veetil Abdul Kader (the “Ultimate Controlling Party”).

As per the resolution of the shareholders of the Parent Company dated 17 May 2023, the Parent Company transferred its GCC Retail Business to the Company (the “reorganisation”) in exchange for 4,412,983,345 shares of par value USD 1 each and a payable of USD 757,689,730 of which an amount of USD 751,469,230 was converted to shares of par value USD 1 each.

The Company is a special purpose company and acts as a holding company for the entities within the Group. The principal activities of the 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. The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

These are the first set of the consolidated financial statements of the Group and not the statutory financial statements, which will be included in the Company’s initial public offering application to be filed with both the Securities and Commodities Authority (“SCA”) of the United Arab Emirates and the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia.

### 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. 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 20.

The functional currency of the Company is United Arab Emirates Dirhams (“AED”). Each of the Company’s subsidiaries determines its own functional currency and items included in the financial statements of the subsidiary are measured using that functional currency. Management uses United States Dollars (“USD”) for controlling and monitoring the performance and financial position of the Group and, accordingly, the 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.

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.

**2 BASIS OF PREPARATION (continued)**

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 three-month periods ended 31 March 2024 and 2023 and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, as if the Group was always combined including the transfer of the identifiable assets and liabilities of the GCC Retail Business.

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

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

The reorganisation was completed in March 2024, whereby the Parent Company transferred its GCC Retail Business to the Company in exchange for 4,412,983,345 shares of par value USD 1 each and a payable of USD 757,689,730 of which an amount of USD 751,469,230 was converted to shares of par value USD 1 each. The Group has decided to maintain the reserves of the combining companies and accordingly, the difference between the value of the shares issued (being the par value of shares issued) and the capital of the entities acquired is recorded as a merger reserve within equity.

Note 3.1 provides additional information about the basis of consolidation.

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 March 2024, the Group has a working capital deficit (current liabilities exceed current assets) of USD 473 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 ACCOUNTING POLICIES

#### 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.

#### 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.

**3 ACCOUNTING POLICIES (continued)**

**3.2 Leases (continued)**

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
- 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.

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.

### 3 ACCOUNTING POLICIES (continued)

#### 3.2 Leases (continued)

##### *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 21).

#### 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 ACCOUNTING POLICIES (continued)**

**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:

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

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.

**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 10 to 35 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 ACCOUNTING POLICIES (continued)

#### 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.

##### *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.



**3 ACCOUNTING POLICIES (continued)**

**3.8 Revenue recognition (continued)**

*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 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.

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 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 consolidated statement of profit or loss.

### 3 ACCOUNTING POLICIES (continued)

#### 3.12 Financial instruments (continued)

##### *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.

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.

**3 ACCOUNTING POLICIES (continued)**

**3.12 Financial instruments (continued)**

*Financial assets (continued)*

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.

*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.

**3 ACCOUNTING POLICIES (continued)**

**3.12 Financial instruments (continued)**

*Financial assets (continued)*

*Impairment of financial assets (continued)*

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.

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.

**3 ACCOUNTING POLICIES (continued)**

**3.12 Financial instruments (continued)**

*Financial assets (continued)*

*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.

**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.

**3 ACCOUNTING POLICIES (continued)**

**3.12 Financial instruments (continued)**

**Financial liabilities and equity instruments (continued)**

*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.

**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 Income taxes**

Income taxes 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.

**3 ACCOUNTING POLICIES (continued)**

**3.16 Income taxes (continued)**

In cases where the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority, uncertain tax liabilities are presented as current tax liabilities and are measured at the best estimate of the amount expected to become payable.

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

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

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

For the UAE operations, current taxes is accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact for the UAE component has been considered for the three-month period ended 31 March 2024.

**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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend

either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3 ACCOUNTING POLICIES (continued)**

**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.

**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 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 ACCOUNTING POLICIES (continued)**

**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.

**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 33)
- Financial instruments risk management and policies (Note 32)
- Sensitivity analyses disclosures (Notes 20)

**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 prior periods to reflect the combination as if it had occurred from the beginning of the earliest period presented.

**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 investments properties, property and equipment and right of use assets*

At each reporting date, management reviews investment properties, property and equipment and right of use assets for indicators of impairment. Where indicators of impairment are identified, the carrying amount of each investment property, property and equipment and right of use asset is tested for impairment by comparing its recoverable amount with its carrying amount. This determination of whether investment properties, property and equipment and right of use assets are impaired entails management's evaluation of the asset'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 investment properties is recognised as an expense in the profit or loss. Management is satisfied that no impairment provision is necessary on investment properties, property and equipment and right of use assets at the reporting date based on the fair valuation.

*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 20.

*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.

**5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

**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 (Non- current liability with covenants)	The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent 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. The amendments are applied retrospectively.
Amendments to IFRS 16 Leases - Lease liability in a sale and leaseback	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
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"><li>• The terms and conditions of the arrangements</li><li>• 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</li><li>• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers</li><li>• 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</li><li>• Liquidity risk information</li></ul> <p>The amendments contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments.</p>

**5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (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	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	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.	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

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.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 6 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Revenue	7,275	9,085	50,316	37,540	33,217
Other operating income	34,080	1,206	64,738	5,450	8,034
Operating expense	(6,380)	(11,160)	(60,261)	(46,782)	(36,397)
Interest expense, net	(1,999)	(5,922)	(23,073)	(18,616)	(21,470)
Loss on the disposal of the subsidiaries	-	-	(5,457)	-	-
<b>Profit/(loss) before tax</b>	<b>32,976</b>	<b>(6,791)</b>	<b>26,263</b>	<b>(22,408)</b>	<b>(16,616)</b>
Income tax (expense)/ credits	(60)	765	3,459	293	365
<b>Profit/ (loss) relating to discontinued operations</b>	<b>32,916</b>	<b>(6,026)</b>	<b>29,722</b>	<b>(22,115)</b>	<b>(16,251)</b>
<b>Total comprehensive income (loss) relating to discontinued operations</b>	<b>32,916</b>	<b>(6,026)</b>	<b>29,722</b>	<b>(22,115)</b>	<b>(16,251)</b>

Cash flows relating to discontinued operations:

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Net cash from operating activities	11,306	29,845	74,100	49,034	70,039
Net cash outflow from investing activities	(78)	(4,033)	(5,614)	(21,674)	(35,631)
Net cash outflow from financing activities	(12,394)	(24,829)	(69,107)	(38,800)	(32,889)
Earnings per share for discontinued operations:					
Basic and diluted (USD cents per share)	0.32	(0.06)	0.29	(0.21)	(0.16)

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

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 6 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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

	<i>31 December</i> <i>2023</i> <i>USD '000</i>
Property and equipment	43,642
Rights-of-use assets	168,105
Investment properties	21,852
Deferred tax asset	2,668
Trade and other receivables	9,185
Cash and cash equivalents	1,176
<b>Total assets held for sale</b>	<b>246,628</b>
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
<b>Total liabilities directly associated with assets held for sale</b>	<b>202,076</b>
Net assets of disposal group	<b>44,552</b>

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

### 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 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 Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

31 March 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 23)	704,892	285,117	371,648	298,776	163,151	1,823,584	116,019	1,939,603
Inter-segment revenues	19,322	-	-	-	-	19,322	114,901	134,223
Segment revenue	724,214	285,117	371,648	298,776	163,151	1,842,906	230,920	2,073,826
Segment adjusted EBITDA	92,990	30,126	24,290	30,199	20,361	197,966	19,023	216,989
Interest income	-	-	-	-	-	-	35	35
Interest expense	18,081	4,498	2,476	5,232	5,667	35,954	3,016	38,970
Net interest expense	18,081	4,498	2,476	5,232	5,667	35,954	2,981	38,935
Depreciation and amortisation	34,111	14,045	10,120	15,411	12,558	86,245	6,709	92,954
Tax expense/(income)	3,083	928	(5,091)	3,883	-	2,803	1,553	4,356
Gain/(loss) on lease modification	(408)	70	-	-	-	(338)	-	(338)

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

31 March 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 23)	643,341	270,024	339,218	286,232	156,795	1,695,610	107,142	1,802,752
Inter-segment revenues	14,317	-	-	-	-	14,317	88,680	102,997
Segment revenue	657,658	270,024	339,218	286,232	156,795	1,709,927	195,822	1,905,749
Segment adjusted EBITDA	75,552	37,475	31,837	27,030	20,144	192,038	15,844	207,882
Interest income	26,674	-	-	-	-	26,674	18	26,692
Interest expense	34,436	12,714	8,762	6,610	4,677	67,199	3,311	70,510
Net interest expense	7,762	12,714	8,762	6,610	4,677	40,525	3,293	43,818
Depreciation and amortisation	34,993	18,294	16,979	15,484	9,834	95,584	6,537	102,121
Tax expense	126	52	1,130	1,242	-	2,550	987	3,537
Gain on lease modification	116	-	-	-	-	116	2	118



# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 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 23)	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
Gain on lease modification	165	562	30,324	275	-	31,326	38	31,364

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

31 December 2022

	<i>Reportable segments*</i>					<i>Total reportable segments</i> USD '000	<i>Other operating segments</i> USD '000	<i>Total</i> USD '000
	<i>UAE</i> USD '000	<i>Qatar</i> USD '000	<i>KSA</i> USD '000	<i>Oman</i> USD '000	<i>Kuwait</i> USD '000			
External revenues (Note 23)	2,417,104	1,080,506	1,247,625	1,108,380	607,440	6,461,055	432,911	6,893,966
Inter-segment revenues	64,032	-	-	-	-	64,032	428,033	492,065
Segment revenue	2,481,136	1,080,506	1,247,625	1,108,380	607,440	6,525,087	860,944	7,386,031
Segment adjusted EBITDA	246,141	155,110	113,371	93,875	86,910	695,407	60,046	755,453
Interest income	16	-	-	-	-	16	281	297
Interest expense	109,891	37,609	24,364	29,189	18,340	219,393	13,586	232,979
Net interest expense	109,875	37,609	24,364	29,189	18,340	219,377	13,305	232,682
Depreciation and amortisation	139,169	65,301	64,305	62,904	43,415	375,094	27,251	402,345
Tax expense/(income)	572	2,666	5,119	(146)	-	8,211	4,599	12,810
Gain /(loss) on lease modification	-	79	-	(17)	54	116	-	116

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

31 December 2021

	<i>Reportable segments*</i>					<i>Total reportable segments</i> USD '000	<i>Other operating segments</i> USD '000	<i>Total</i> USD '000
	<i>UAE</i> USD '000	<i>Qatar</i> USD '000	<i>KSA</i> USD '000	<i>Oman</i> USD '000	<i>Kuwait</i> USD '000			
External revenues (Note 23)	2,213,101	949,599	1,063,007	1,057,647	594,399	5,877,753	434,612	6,312,365
Inter-segment revenues	67,366	-	-	-	-	67,366	420,667	488,033
Segment revenue	2,280,467	949,599	1,063,007	1,057,647	594,399	5,945,119	855,279	6,800,398
Segment adjusted EBITDA	208,751	130,409	86,278	107,388	80,854	613,680	60,542	674,222
Interest income	4	-	-	-	-	4	320	324
Interest expense	64,918	30,470	16,617	29,604	19,088	160,697	12,460	173,157
Net interest expense	64,914	30,470	16,617	29,604	19,088	160,693	12,140	172,833
Depreciation and amortisation	136,079	58,276	57,770	62,013	43,007	357,145	28,400	385,545
Tax expense/(income)	472	2,025	1,527	1,925	-	5,949	4,185	10,134
Gain on lease modification	-	33	-	30	-	63	138	201

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 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 March 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	7,099,455	698,708	857,207	929,446	668,040	10,252,856	488,505	10,741,361
Segment Liabilities	3,818,890	618,577	727,048	786,768	582,189	6,533,472	349,591	6,883,063

#### 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

#### 31 December 2022

	<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	5,703,163	1,112,416	1,302,008	1,041,741	598,513	9,757,841	616,005	10,373,846
Segment Liabilities	5,274,559	984,895	1,259,898	916,796	519,536	8,955,684	504,376	9,460,060

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

#### 7.2 The following is an analysis of the Group's assets liabilities by reportable segment: (continued):

31 December 2021

	<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	6,356,449	911,654	1,209,264	1,092,153	632,879	10,202,399	635,504	10,837,903
Segment Liabilities	5,879,175	802,923	1,169,871	962,263	561,999	9,376,231	521,779	9,898,010

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

##### *Reconciliation of revenues*

<b>Particulars</b>	<b>31 March</b> <b>2024</b> <i>USD '000</i>	<b>31 March</b> <b>2023</b> <i>USD '000</i>	<b>31 December</b> <b>2023</b> <i>USD '000</i>	<b>31 December</b> <b>2022</b> <i>USD '000</i>	<b>31 December</b> <b>2021</b> <i>USD '000</i>
<b>Total revenue for reportable segments</b>	1,842,906	1,709,927	6,903,640	6,525,087	5,945,119
Revenue for other operating segments	230,920	195,822	802,570	860,944	855,279
Elimination of inter-segment revenue	(134,223)	(102,997)	(428,254)	(492,065)	(488,033)
<b>Consolidated revenue</b>	1,939,603	1,802,752	7,277,956	6,893,966	6,312,365

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

##### Reconciliation of adjusted EBITDA

Particulars	<b>31 March 2024</b>	<b>31 March 2023</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
<b>Total segment adjusted EBITDA</b>	<b>216,989</b>	207,882	811,094	755,453	674,222
Depreciation and amortisation*	<b>(93,460)</b>	(102,733)	(415,844)	(404,593)	(387,923)
Net finance cost	<b>(42,038)</b>	(46,885)	(153,403)	(246,962)	(188,569)
Gain/(loss) on lease modification	<b>(338)</b>	118	31,364	116	201
Head office expenses**	<b>(15,729)</b>	(11,873)	(57,745)	(52,667)	(59,103)
Others	<b>(884)</b>	(50)	(748)	(270)	(2,846)
<b>Profit before tax and discontinued operations</b>	<b>64,540</b>	46,459	214,718	51,077	35,982

\*Depreciation and amortisation includes unallocated depreciation of 506 thousand during the three-month period ended 31 March 2024 (31 March 2023: 607 thousand, the year ended 31 December 2023: USD 2,369 thousand, 2022: 2,247 thousand, 2021: 2,378 thousand).

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

##### Reconciliation of assets

Particulars	<b>31 March 2024</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
<b>Total assets for reportable segments</b>	<b>10,252,856</b>	9,289,275	9,757,841	10,202,399
Assets for other operating segments	<b>488,505</b>	513,678	616,005	635,504
Asset held for sale	-	246,628	-	-
Corporate head office assets	<b>5,151</b>	5,184	6,795	3,820
Inter-segment eliminations	<b>(5,323,178)</b>	(2,050,614)	(1,632,313)	(3,017,208)
<b>Consolidated total assets</b>	<b>5,423,334</b>	8,004,151	8,748,328	7,824,515

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 7 SEGMENT INFORMATION (continued)

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

##### Reconciliation of liabilities

Particulars	31 March 2024 USD '000	31 December 2023 USD '000	31 December 2022 USD '000	31 December 2021 USD '000
<b>Total liabilities for reportable segments</b>	<b>6,533,472</b>	8,553,387	8,955,684	9,376,231
Liabilities for other operating segments	<b>349,591</b>	403,958	504,376	521,779
Liabilities associated to assets held for sale	-	202,076	-	-
Inter-segment eliminations	<b>(2,321,312)</b>	(1,922,177)	(1,504,888)	(2,890,169)
<b>Consolidated total liabilities</b>	<b>4,561,751</b>	7,237,244	7,955,172	7,007,841

#### 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, plant and equipment, right-of-use assets, investment properties and intangible assets.) by geographical location are detailed below:

Revenue from external customers	31 March 2024 USD '000	31 March 2023 USD '000	31 December 2023 USD '000	31 December 2022 USD '000	31 December 2021 USD '000
UAE	<b>704,892</b>	643,341	2,595,248	2,417,104	2,213,101
Oman	<b>298,776</b>	286,232	1,125,510	1,108,380	1,057,647
KSA	<b>371,648</b>	339,218	1,400,561	1,247,625	1,063,007
Qatar	<b>285,117</b>	270,024	1,093,286	1,080,506	949,600
Kuwait	<b>163,151</b>	156,795	634,769	607,440	594,399
Bahrain	<b>108,729</b>	102,111	403,055	406,296	403,923
Egypt	<b>3,418</b>	4,033	12,909	17,243	15,802
Other countries	<b>3,872</b>	998	12,618	9,372	14,886
<b>Total</b>	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 7 SEGMENT INFORMATION (continued)

##### 7.5 Geography wise non-current assets

<b>Non-current assets</b>	<b>31 March 2024</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
UAE	<b>1,039,493</b>	1,171,432	1,736,461	1,554,597
Oman	<b>592,984</b>	606,529	786,167	847,106
KSA	<b>397,411</b>	394,095	872,861	801,607
Qatar	<b>504,669</b>	516,122	724,637	565,574
Kuwait	<b>407,535</b>	411,152	358,557	384,397
Bahrain	<b>209,539</b>	214,639	325,580	349,141
Egypt	<b>55</b>	75	125	374
Other countries	<b>29,526</b>	25,608	24,758	30,897
<b>Total</b>	<b>3,181,212</b>	3,339,652	4,829,146	4,533,693

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



## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 8 LIST OF SUBSIDIARIES

	<i>Beneficial ownership interest</i>				<i>Country of incorporation</i>	<i>Principal activities</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>		
Lulu Express Supermarket - Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(i)
Emirates General Market Co.- Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(i)
Lulu Express Fresh Supermarket – Sole Proprietorship LLC (formerly Emke Store Co. - Sole Proprietorship LLC)	<b>100%</b>	100%	100%	100%	UAE	(i)
Gulf Star Commodities Co.- Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(ii)
Lulu Logistics General Trading - Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(i)
Lulu Centre Sole - Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(i)
Lulu Express Fresh Market Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(i)
Al Tayeb Distribution Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(ii)
Al Tayeb Meat Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(ii)
Lulu International Travel & Tourism LLC Sole Proprietorship	<b>100%</b>	100%	100%	100%	UAE	(iii)
Lulu Group – Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(vi)
Huda Shipping International Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(viii)
Emke Group Sole Proprietorship LLC	<b>100%</b>	100%	100%	100%	UAE	(vi)
Lulu Group International – Sole Proprietorship LLC (formerly Lulu Group International LLC)	<b>100%</b>	100%	100%	100%	UAE	(iv)

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 8 LIST OF SUBSIDIARIES (continued)

	<i>Beneficial ownership interest</i>				<i>Country of incorporation</i>	<i>Principal activities</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>		
Al Tayeb Food Industries Sole Proprietorship LLC (formerly Lulu Food Industries – Sole Proprietorship LLC)	100%	100%	100%	100%	UAE	(ix)
Lulu Hypermarket LLC, Dubai	100%	100%	100%	100%	UAE	(i)
Al Tayeb International General Trading LLC, Dubai	100%	100%	100%	100%	UAE	(ii)
Lulu Supermarket LLC, Dubai	100%	100%	100%	100%	UAE	(i)
Lulu Centre LLC, Dubai	100%	100%	100%	100%	UAE	(i)
Lulu Shopping LLC	100%	100%	100%	100%	UAE	(i)
Lulu Shopping Mall LLC	100%	100%	100%	100%	UAE	(vi)
Lulu Central Warehouse Single Owner LLC (Dubai)	100%	100%	100%	100%	UAE	(i)
Lulu Logistics LLC, Dubai	100%	100%	100%	100%	UAE	(i)
Lulu City Travels Single Owner LLC, Dubai	100%	100%	100%	100%	UAE	(iii)
Lulu International FZE, Dubai	100%	100%	100%	100%	UAE	(i)
Lulu Hypermarket LLC, Sharjah	100%	100%	100%	100%	UAE	(i)
Lulu Hypermarket Sole Proprietorship LLC, Abu Dhabi (Note 6)	100%	100%	100%	100%	UAE	(i)
Lulu Center LLC, Umm Al Quwain	100%	100%	100%	100%	UAE	(i)
Lulu Hypermarket LLC, RAK Mall, Ras Al Khaimah	100%	100%	100%	100%	UAE	(i)
Lulu Center LLC, Ras Al Khaimah	100%	100%	100%	100%	UAE	(i)
Lulu Express Trading – Sole Proprietorship LLC (Al Ain)	100%	100%	100%	100%	UAE	(i)
Lulu 2 SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Lulu 3 SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Lulu 4 SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Lulu 6 SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Lulu BPO SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Hamad Rashed SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Hamad Rashed SPV 1 Ltd	100%	100%	100%	100%	UAE	(vi)
Oyoon Lulu Eyexpress Optical	100%	100%	100%	100%	UAE	(vii)
Hamad Rashed Co 1 SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Mariam Ismaeil SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Meshari Abdullah SPV Ltd	100%	100%	100%	100%	UAE	(vi)
Y International (Australia) Pty Ltd	100%	100%	-	-	Australia	(ii)
Y International Canada Inc.	100%	100%	-	-	Canada	(ii)
Y International Polskal	100%	100%	-	-	Poland	(ii)

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 8 LIST OF SUBSIDIARIES (continued)

	<i>Beneficial ownership interest</i>				<i>Country of incorporation</i>	<i>Principal activities</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>		
Lulu Centre International General Trading and Contracting Company W.L.L Kuwait	100%	100%	100%	100%	Kuwait	(i)
Lulu Hypermarket General Trading & Contracting Co. W.L.L Kuwait	100%	100%	100%	100%	Kuwait	(i)
Lulu Kuwait Hypermarket Centre Company W.L.L Kuwait	100%	100%	100%	100%	Kuwait	(i)
Al Tayeb International Importing & Exporting Co. SPC	100%	100%	100%	100%	Kuwait	(ii)
Lulu Muscat Hypermarket LLC	100%	100%	99%	99%	Oman	(i)
Al Tayeb Lisla Al Istalakiya and Business SPC	100%	100%	100%	100%	Oman	(ii)
Lulu Saudi Hypermarket (Single Shareholder) LLC	100%	100%	100%	100%	Saudi Arabia	(i)
Al Shurouq Al Tayeb Trading Company (Single Person) LLC	100%	100%	100%	100%	Saudi Arabia	(ii)
Lulu Bahrain Hypermarket WLL	100%	100%	100%	100%	Bahrain	(i)
Lulu Hypermarket Trading Company WLL*	100%	100%	100%	100%	Qatar	(i)
Lulu Center Trading Company WLL*	100%	100%	100%	100%	Qatar	(i)
Al Tayeb International Trading WLL*	100%	100%	100%	100%	Qatar	(ii)
Emmay Commodities Kenya Limited	100%	100%	100%	100%	Kenya	(ii)
Emmay Commodities SA Proprietary Limited	100%	100%	100%	100%	South Africa	(ii)
YMA Commodities (U) Ltd	100%	100%	99%	99%	Uganda	(ii)
E.K. Prima Exports Hong Kong Limited	100%	100%	100%	100%	Hong Kong	(ii)
Yiwu EK Prima Exports Hong Kong Limited	100%	100%	100%	100%	China	(ii)
Guangzhou EK Prima Trading Company	100%	100%	100%	100%	China	(ii)
YAS Exports Hong Kong Ltd	100%	100%	100%	100%	Hong Kong	(ii)
Y International Egypt (LLC)	100%	99%	99%	99%	Egypt	(ii)
Al Tayeb Import & Export General Trading (LLC)	100%	100%	100%	100%	Egypt	(ii)
May Exports (Malaysia) SDN. BHD.	100%	100%	100%	100%	Malaysia	(ii)
PT. Indo Agro International*	100%	100%	100%	100%	Indonesia	(ii)

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 8 LIST OF SUBSIDIARIES (continued)

	<i>Beneficial ownership interest</i>				<i>Country of incorporation</i>	<i>Principal activities</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>		
PT YAS Exports International	100%	100%	99%	99%	Indonesia	(ii)
May Exports (Thailand) Co. Ltd	100%	99.5%	99.5%	99.5%	Thailand	(ii)
EMKE Exports (Thailand) Co. Ltd	100%	99.5%	99.5%	99.5%	Thailand	(ii)
May Exports Phil. Inc.	99.99%	99.99%	99.99%	99.99%	Philippines	(ii)
Y International España	100%	100%	100%	100%	Spain	(ii)
May Exports (Vietnam) Company Limited	100%	100%	100%	100%	Vietnam	(ii)
Y International (UK) Limited	100%	100%	100%	100%	United Kingdom	(ii)
Y International USA, Inc.	100%	100%	100%	100%	United States	(ii)
Yas Lanka (Private) Limited	100%	100%	100%	100%	Sri Lanka	(ii)
YMA Ithalat Ve Ihracat Limited Sirketi	100%	100%	100%	100%	Turkey	(ii)
Mantle Solutions Private Limited	100%	100%	100%	100%	India	(x)
Y International Italia S.R.L	100%	100%	100%	100%	Italy	(ii)
Al Tayeb Fresh Market Sole Proprietorship LLC, Abu Dhabi	100%	100%	100%	100%	UAE	(ii)
Lulu Hypermarket – Sole Proprietorship L.L.C, Fujairah	100%	100%	100%	100%	UAE	(i)
Al Tayeb Holding Company LLC Sole Proprietorship LLC	100%	100%	100%	100%	UAE	(vi)
Lulu Group International Limited	100%	100%	-	-	UAE	(vi)

[\*As at 31 March 2024, these entities are beneficially held by the Company through nominee arrangements.]

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 Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 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:

	<b>31 March 2024 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
<b><i>Due from related parties</i></b>				
<b><i>Entities under common control of Parent Company:</i></b>				
Line Investments & Property –				
Sole Proprietorship LLC, Abu Dhabi	-	1,144,546	1,014,069	823,169
Al Falah Plaza Company –				
Sole Proprietorship LLC, Abu Dhabi	-	365,148	249,763	243,492
Line Investments and Property FZE, Dubai	-	352,079	-	-
Khalidiyah Mall – Sole Proprietorship LLC, Abu Dhabi	-	193,964	189,938	86,448
Lulu Properties SPV Ltd	-	79,329	75,357	76,419
PT Lulu Group Retail	-	70,617	39,823	37,356
Lulu Group Retail SDN BHD	-	53,211	43,170	35,894
Al Lulu Hypermarkets SAE -	-	60,131	18,286	27,137
Eyexpress Optical W.L.L	-	475	436	-
LuLu 1 SPV Ltd	-	2,854	463	191
Lulu 8 SPV Ltd	-	274	274	1,041
Lulu 7 SPV Ltd	-	35	35	35
Lulu Properties LLC	-	31,117	-	-
LuLu Cleaning and Maintenance Company	-	2,454	-	-
LuLu Group Int'l Limited	-	23	-	-
	<b>-</b>	<b>2,356,257</b>	<b>1,631,614</b>	<b>1,331,182</b>
<b><i>Other related parties:</i></b>				
Y&S Properties SPV Ltd	-	56,717	68,833	45,651
Lulu International Shopping Mall, Pvt Ltd	-	2,651	1,485	1,467
Lulu India Shopping Mall Pvt Ltd	3,187	-	409	1,159
Lulu Convention Center Calicut Private Limited	51	45	204	-
Lulu Convention & Exhibition Center Pvt Ltd	-	-	36	-
Lulu International Convention Center Pvt Ltd	-	-	-	175
	<b>3,238</b>	<b>59,413</b>	<b>70,967</b>	<b>48,452</b>
<b><i>Parent Company:</i></b>				
Lulu International Holdings Limited	-	-	-	2,290
<b>Total</b>	<b>3,238</b>	<b>2,415,670</b>	<b>1,702,581</b>	<b>1,381,924</b>

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	<b>31 March</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
<b>(ii) Due to related parties</b>				
<b><u>Entities under common control of Parent Company:</u></b>				
Al Khor Mall Trading WLL	-	29,999	4,049	864
Forsan Central Mall - Sole Proprietorship L.L.C.	-	8,998	82	-
Emke General Trading LLC	-	3,504	3,494	3,492
Al Tayeb Cold Stores - Sole Proprietorship LLC	-	312	2,350	1,931
Al Falah Central Mall Sole Proprietorship LLC	-	82	82	-
Al Dhafra Mall Sole Proprietorship LLC	-	82	82	-
Al Raha Mall Sole Proprietorship LLC	-	82	82	-
Madinat Zayed Shopping Center Sole Proprietorship LLC	-	82	82	-
Mafraq Centre Sole Proprietorship LLC	-	82	82	-
Hameem Mall Sole Proprietorship LLC	-	82	81	-
Mazyad Mall Sole Proprietorship LLC	-	81	81	-
Sharjah Central Per Person Co LLC, Sharjah	-	81	81	81
Al Falah Properties SP LLC, Abu Dhabi	-	52	13	-
Line Investments and Property FZE, Dubai	-	-	7,072	1,348
Shawamekh Central Mall LLC - O.P.C	-	82	-	-
	-	43,601	17,713	7,716
<b><u>Other related parties:</u></b>				
Fair Exports (India) Pvt Ltd	<b>40,480</b>	27,688	19,740	24,280
Lulu Flight Kitchen Pvt Ltd	<b>207</b>	355	269	249
	<b>40,687</b>	28,043	20,009	24,529
<b><u>Parent Company:</u></b>				
Lulu International Holdings Limited	<b>194,711</b>	2,254,305	542,901	-
<b>Total</b>	<b>235,398</b>	2,325,949	580,623	32,245

During three-month period ended 31 March 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 payable to the Parent Company of USD 194.7 million as at 31 March 2024.

For loans from related parties, refer Note 19.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with the related parties during the three-month periods ended 31 March and the years ended 31 December are as follows:

	<b>31 March 2024 USD '000</b>	<b>31 March 2023 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
<b><u>Entities under common control</u></b>					
<b><u>of Parent Company:</u></b>					
Rent paid	44,770	25,274	101,450	97,364	93,408
Interest received (note (a))	376	27,508	120,985	1,471	9,235
Interest paid (note (a))	-	25	11	2,324	6,051
Dividend	-	-	176,991	-	37,085
Leases transferred to related party	-	-	21,231	-	-
Sale/ (transfer) of assets	76,208	3	363,915	2,739	5,265
Purchases/ transfer of assets	43	2,469	3,669	12,826	109,687
Other transactions, net	(1,283)	(258)	14,525	4,912	4,845
<b><u>Other related parties:</u></b>					
Purchase of goods	66,330	54,887	200,739	229,134	201,159
Interest paid (note (a))	-	13,176	30,526	26,908	2,830
Rent paid	2,121	8,510	17,383	16,449	873
Sale/ (transfer) of assets	-	-	-	2	160,486
Other transactions, net	(7,094)	(3,101)	941	10,169	8,075
<b><u>Parent Company:</u></b>					
Interest charged by the Parent Company (note (a))	-	-	35,436	-	-
Bank borrowings novated to the Parent Company (note 18 (a)(ii))	533,696	-	-	-	-
Dividends	-	-	68,583	30,500	-
Payable on account of reorganisation	757,689	-	-	-	-
Issue of share capital (note 17)	751,469	-	-	-	-
Other adjustments, net	6,509	(99)	(354)	(1,702)	-

#### *Note (a):*

The Group has historically entered into funding transactions with related parties on mutually agreed terms and are generally interest-free, except where agreed otherwise. During the three-month periods ended 31 March 2024 and 31 March 2023 and the years ended 31 December 2023, 31 December 2022 and 31 December 2021, the Group received net funding (including payments made by related parties on behalf of the Group) of USD 549 million, USD 129 million, USD 135 million, USD 186 million, and USD 404 million, respectively.

#### *Terms and conditions:*

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

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

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

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

*Guarantees:*

As at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, certain related parties have provided corporate guarantees towards the Group's banking facilities amounting to USD 1,698 million, USD 1,673 million, USD 2,578 million and USD 2,773 million, respectively.

As at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, the Group has provided corporate guarantees towards banking facilities obtained by related parties amounting to USD 3,526 million, USD 803 million, USD 2,427 million and USD 1,661 million, respectively.

As at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, the Group has provided corporate guarantees towards banking facilities obtained together with related parties amounting to USD 278 million, USD 3,029 million, USD 655 million and USD 890 million, respectively.

*Compensation of key management personnel of the Group:*

The remuneration of directors and other key members of management recognised as an expense during the three-month periods ended 31 March and the years ended 31 December are as follows:

	<b>31 March 2024 USD '000</b>	<b>31 March 2023 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
Short-term employee benefits	<b>1,160</b>	930	3,849	3,781	3,735
End of service benefits	<b>150</b>	121	485	342	375
<b>Total compensation to key management personnel</b>	<b>1,310</b>	1,051	4,334	4,123	4,110



# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 10 PROPERTY AND EQUIPMENT

	<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
<b>Cost:</b>								
At 1 January 2021	114,779	1,178,271	1,112,229	44,119	359,087	106,905	488,338	3,403,728
Additions	5,068	23,594	27,033	12,288	6,229	9,693	157,871	241,776
Transfer from capital work-in-progress	763	109,468	33,330	1,355	12,542	2,039	(159,497)	-
Transfers from/(to) related parties, net (Note 9)	(50,236)	(60,014)	528	(0)	(421)	176	55,841	(54,126)
Disposals	(10,246)	-	(76)	(27)	-	(923)	-	(11,272)
Write offs	-	-	(5)	-	-	-	-	(5)
Translation adjustment	(4)	(291)	187	(16)	-	(395)	11	(508)
At 31 December 2021	60,124	1,251,028	1,173,226	57,719	377,437	117,495	542,564	3,579,593
Additions	-	24,461	29,225	7,165	10,511	8,666	101,991	182,019
Transfer from capital work-in-progress	-	72,628	41,450	4,761	17,092	3,567	(139,498)	-
Transfer to investment properties (Note 12)	(1,130)	-	-	-	-	-	-	(1,130)
Transfers from/(to) related parties, net (Note 9)	-	-	(69)	(1)	9	-	1,375	1,314
Disposals	-	(210)	(374)	(3)	(43)	(1,295)	(1)	(1,926)
Translation adjustment	(3)	(3,310)	(2,654)	(209)	(588)	(333)	(391)	(7,488)
At 31 December 2022	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)	-
Transfers 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)
Assets 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 31 December 2023	33,842	1,390,860	1,279,538	76,700	421,411	132,509	137,087	3,471,947

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 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
<b>Cost (continued)</b>								
At 31 December 2023 (carried forward)	33,842	1,390,860	1,279,538	76,700	421,411	132,509	137,087	3,471,947
Additions	-	52	376	419	558	742	27,247	29,394
Transfers from capital work-in-progress	-	9,351	11,489	1,640	3,423	1,632	(27,535)	-
Transfers to related parties (Note 9)	(2)	(50)	(10)	(10)	(7)	-	(5)	(84)
Write offs	-	-	-	-	-	-	(3,563)	(3,563)
Disposals	-	-	(18)	-	(6)	(1,031)	(129)	(1,184)
Translation adjustment	3	(129)	(213)	(16)	(28)	(65)	(27)	(475)
At 31 March 2024	<u>33,843</u>	<u>1,400,084</u>	<u>1,291,162</u>	<u>78,733</u>	<u>425,351</u>	<u>133,787</u>	<u>133,075</u>	<u>3,496,035</u>
<b>Accumulated depreciation</b>								
At 1 January 2021	-	479,569	752,119	29,165	238,537	77,420	-	1,576,810
Charge for the year	-	61,793	57,153	11,809	14,079	6,276	-	151,110
Transfers to related parties, net (Note 9)	-	(2,892)	-	-	(1)	-	-	(2,893)
Eliminated on disposal	-	-	(14)	(4)	-	(775)	-	(793)
Translation adjustment	-	88	99	(8)	(36)	(363)	-	(220)
At 31 December 2021	-	538,558	809,357	40,962	252,579	82,558	-	1,724,014
Charge for the year	-	60,321	57,012	7,762	19,075	6,955	-	151,125
Eliminated on disposal	-	(4)	(108)	(0)	(1)	(1,135)	-	(1,248)
Translation adjustment	-	(561)	(1,576)	(108)	(266)	(203)	-	(2,714)
At 31 December 2022	<u>-</u>	<u>598,314</u>	<u>864,685</u>	<u>48,616</u>	<u>271,387</u>	<u>88,175</u>	<u>-</u>	<u>1,871,177</u>

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 10 PROPERTY AND EQUIPMENT (continued)

	<i>Land USD '000</i>	<i>Buildings and leasehold improvements USD '000</i>	<i>Machinery and equipment USD '000</i>	<i>Computers and accessories USD '000</i>	<i>Furniture and fixtures USD '000</i>	<i>Motor vehicles USD '000</i>	<i>Capital work-in- progress USD '000</i>	<i>Total USD '000</i>
<b>Accumulated depreciation (continued)</b>								
At 31 December 2022 (carried forward)	-	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)
<b>At 31 December 2023</b>	<b>-</b>	<b>652,865</b>	<b>919,675</b>	<b>56,777</b>	<b>288,111</b>	<b>93,089</b>	<b>-</b>	<b>2,010,517</b>
Charge for the period	-	15,813	14,562	2,041	5,241	1,874	-	39,531
Transfers to related parties (Note 9)	-	(1)	(5)	-	(1)	-	-	(7)
Eliminated on disposal	-	-	(3)	-	(6)	(711)	-	(720)
Translation adjustment	-	(14)	(140)	(10)	(4)	(36)	-	(204)
<b>At 31 March 2024</b>	<b>-</b>	<b>668,663</b>	<b>934,089</b>	<b>58,808</b>	<b>293,341</b>	<b>94,216</b>	<b>-</b>	<b>2,049,117</b>
<b>Carrying amount</b>								
<b>At 31 March 2024</b>	<b>33,843</b>	<b>731,421</b>	<b>357,073</b>	<b>19,925</b>	<b>132,010</b>	<b>39,571</b>	<b>133,075</b>	<b>1,446,918</b>
At 31 December 2023	33,842	737,995	359,863	19,923	133,300	39,420	137,087	1,461,430
At 31 December 2022	58,991	746,283	376,119	20,816	133,031	39,925	506,040	1,881,205
At 31 December 2021	60,124	712,470	363,869	16,757	124,858	34,937	542,564	1,855,579

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 10 PROPERTY AND EQUIPMENT (continued)

- (a) Additions to property and equipment include borrowing costs capitalised during the three-month period ended 31 March 2024 amounting to USD 0.03 million (31 December 2023: USD 5 million, 2022: USD 3.2 million and 2021: USD 4.7 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 three-month period ended 31 March and the years ended 31 December:

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '000</i>	<i>31 December</i> <i>2022</i> <i>USD '000</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Operating expenses [Note 26 (a)]	<b>39,531</b>	155,229	149,056	149,148
Related to discontinued operations	<b>303</b>	1,781	2,069	1,962
	<b>39,834</b>	157,010	151,125	151,110

- (c) Bank borrowings are secured against certain property and equipment with carrying amount of 103.64 million during the three-month period ended 31 March 2024 (31 December 2023: USD 106.44 million, 2022: USD 70.09 million and 2021: USD 76.42 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 three-month period ended 31 March, and the years ended 31 December:

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '000</i>	<i>31 December</i> <i>2022</i> <i>USD '000</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
<b>Cost</b>				
As at the beginning of the period/ year	<b>2,916,130</b>	3,970,144	3,406,067	3,098,748
Additions during the period/ year	<b>50,870</b>	269,219	584,291	284,197
Termination during the period/ year	<b>(6,031)</b>	(945,814)	(8,957)	(474)
Modifications	<b>(147,392)</b>	(116,837)	(3,625)	23,596
Translation adjustment	<b>(529)</b>	1,257	(7,632)	-
Reclassified as asset held for sale (Note 6)	-	(261,839)	-	-
As at the end of the period/ year	<b>2,813,048</b>	2,916,130	3,970,144	3,406,067
<b>Accumulated depreciation</b>				
As at the beginning of the period/ year	<b>1,047,735</b>	1,062,747	775,225	501,161
Depreciation charge	<b>53,544</b>	281,335	283,152	265,001
Depreciation Capitalised	<b>693</b>	5,341	9,669	9,038
Termination during the period/ year	<b>(2,552)</b>	(193,920)	(2,072)	(132)
Modifications	<b>(10,965)</b>	(13,716)	(1,429)	157
Translation adjustment	<b>(225)</b>	(318)	(1,798)	-
Relating to asset held for sale (Note 6)	-	(93,734)	-	-
As at the end of the period/ year	<b>1,088,230</b>	1,047,735	1,062,747	775,225
<b>Carrying amount</b>				
As at the end of the period/ year	<b>1,724,818</b>	1,868,395	2,907,397	2,630,842

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 11 RIGHT-OF-USE ASSETS (continued)

Depreciation charges include amount of USD 693 thousand during the three-month period ended 31 March 2024 (31 March 2023: 1,420 thousand, the year ended 31 December 2023: USD 5,341 thousand, 31 December 2022: USD 9,669 thousand, 31 December 2021: USD Nil) capitalised to capital work in progress related to the lands that qualify during the period of construction.

The maturity analysis of lease liabilities is disclosed in note 21.

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

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Depreciation charge on right-of-use assets (a)	<b>57,908</b>	72,592	281,335	283,152	265,001
Expense relating to short-term leases	<b>36,856</b>	17,465	66,766	55,901	41,769
Gain on termination of leases (b)	<b>(33,288)</b>	-	(73,316)	-	-

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

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
- Operating expenses (Note 26 (a))	<b>53,544</b>	64,662	259,069	253,991	236,624
- Related to discontinued operations	<b>4,364</b>	7,930	22,266	29,161	28,377
	<b>57,908</b>	72,592	281,335	283,152	265,001

(b) The gain on termination of leases related to discontinued operations amounts to USD 33.3 million during the three-month period ended 31 March 2024 (31 March 2023: nil, the year ended 31 December 2023: USD 41.9 million, 2022: nil, 2021: nil),

The total cash outflow for leases amounts to USD 76.2 million during the three-month period ended 31 March 2024 (31 December 2023: USD 336.6 million, 2022: USD 343.3 million, 2021: USD 307.7 million) (Note 21). The Group also had non-cash additions to right-of-use assets and lease liabilities which are disclosed in note 34.

### 12 INVESTMENT PROPERTIES

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Cost</b>				
As at the beginning of the period/year	<b>40,836</b>	112,147	110,514	127,944
Additions	<b>19</b>	1,136	502	43,016
Disposals	-	-	-	(7,398)
Transfers to related parties (Note 9)	<b>(24)</b>	(19,377)	-	(53,046)
Transfers from properties and equipment (Note 10)	-	605	1,130	-
Reclassified as asset held for sale (Note 6)	-	(53,669)	-	-
Translation adjustments	<b>7</b>	(6)	1	(2)
As at end of the period/year	<b>40,838</b>	40,836	112,147	110,514

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 12 INVESTMENT PROPERTIES (continued)

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Accumulated depreciation</b>				
As at the beginning of the period/year	25,826	64,809	59,420	54,821
Charge for the period/year	385	5,385	5,389	5,914
Transfers to related parties (Note 9)	(4)	(12,547)	-	(1,314)
Related to assets held for sale (Note 6)	-	(31,817)	-	-
Translation adjustments	5	(4)	-	(1)
<b>As at end of the period/year</b>	<b>26,212</b>	<b>25,826</b>	<b>64,809</b>	<b>59,420</b>
<b>Carrying amount</b>				
Net carrying amounts as at end of the period/year	<b>14,626</b>	<b>15,010</b>	<b>47,338</b>	<b>51,094</b>
	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
<b>Depreciation expense on investment properties</b>				
Operating expenses (Note 26a)	385	1,546	1,546	2,151
Related to discontinued operations	539	3,839	3,843	3,763
<b>As at end of the period/year</b>	<b>924</b>	<b>5,385</b>	<b>5,389</b>	<b>5,914</b>

Investment properties represent residential and commercial buildings in Oman and the United Arab Emirates. In 2021 the Group has disposed land amounted to USD 7.4 million. 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 March 2024 is estimated to be USD 57 million (31 December 2023: USD 57 million, 2022: USD 100.4 million, 2021: USD 100.5 million). The valuations in Oman are performed by Cavendish Maxwell, Al Habib & Co LLC and Hamptons International & Partners LLC. The valuations in UAE are performed by Cavendish Maxwell, ValueStrat, Cushman & Wakefield. All are accredited independent valuers and specialists in valuing these types of investment properties. Ajman Residential Building is internally valued using discounted cashflow method by the company. 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 0.84 million during the three-month period ended 31 March 2024 (31 March 2023: USD 6 million, the year ended 31 December 2023: USD 27.1 million, 2022: USD 27 million, 2021: USD 26 million) (Note 25). Direct operating expenses (excluding depreciation expense) arising on the investment property, amounted to USD 0.10 million during the three-month period ended 31 March 2024 (31 March 2023: USD 0.99 million, the year ended 31 December 2023: USD 4.7 million, 2022: USD 4.6 million, 2021: USD 1.6 million) (Note 26).

Fair value hierarchy disclosures for investment properties are in Note 31.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 13 OTHER NON-CURRENT ASSETS

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Advances paid towards investments and capital projects	-	-	13,790	10,555
Others	-	62	34	55
	<u>-</u>	<u>62</u>	<u>13,824</u>	<u>10,610</u>

Advances mainly represent the payments made towards purchase of a plot of land, which has been transferred and capitalized to property and equipment during the year.

#### 14 INVENTORY

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Goods for resale	<b>1,488,103</b>	1,374,607	1,395,175	1,296,361
	<u><b>1,488,103</b></u>	<u>1,374,607</u>	<u>1,395,175</u>	<u>1,296,361</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations was USD 1,474 million during the three-month period ended 31 March 2024 (31 March 2023: USD 1,370 million, year ended 31 December 2023: USD 5,519 million, 2022: USD 5,266 million, 2021: USD 4,845 million) is charged to cost of revenue.

The cost of inventories recognised as an expense includes USD 19 million during the three-month period ended 31 March 2024 (31 March 2023: USD 17 million, year ended 31 December 2023: USD 84 million, 2022: USD 79 million, 2021: USD 68 million) in respect of write-downs of inventory to net realisable value.

#### 15 TRADE AND OTHER RECEIVABLES

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Trade receivables	<b>249,822</b>	198,967	165,411	84,565
Less: Loss allowance	<b>(2,337)</b>	(2,337)	(2,273)	(2,100)
	<u><b>247,485</b></u>	<u>196,630</u>	<u>163,138</u>	<u>82,465</u>
Deposits	<b>26,857</b>	25,695	26,535	20,859
Prepayments	<b>62,843</b>	50,283	71,725	57,398
Advances to suppliers	<b>28,816</b>	26,886	31,228	44,903
Tenants' receivable	<b>17,589</b>	10,454	23,827	19,213
Advances to employees	<b>5,185</b>	5,111	3,963	4,709
Other receivables	<b>18,671</b>	16,448	19,215	27,221
	<u><b>407,446</b></u>	<u>331,507</u>	<u>339,631</u>	<u>256,768</u>

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.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 15 TRADE AND OTHER RECEIVABLES (continued)

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.

	<i>Gross carrying amount at default USD '000</i>	<i>Impaired receivables USD '000</i>	<i>Not impaired receivables USD '000</i>
<b>31 March 2024</b>			
Current	51,922	14	51,908
Past due by:			
1 to 30 days	56,481	12	56,469
31 - 60 days	57,756	22	57,734
61 - 90 days	33,882	7	33,875
More than 90 days	49,781	2,282	47,499
	<b>249,822</b>	<b>2,337</b>	<b>247,485</b>
<b>31 December 2023</b>			
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
	<b>198,967</b>	<b>2,337</b>	<b>196,630</b>
<b>31 December 2022</b>			
Current	98,302	99	98,203
Past due by:			
1 to 30 days	17,730	36	17,694
31 - 60 days	8,614	68	8,546
61 - 90 days	5,763	31	5,732
More than 90 days	35,002	2,039	32,963
	<b>165,411</b>	<b>2,273</b>	<b>163,138</b>
<b>31 December 2021</b>			
Current	52,316	99	52,217
Past due by:			
1 to 30 days	12,821	36	12,785
31 - 60 days	4,851	68	4,783
61 - 90 days	2,035	31	2,004
More than 90 days	12,542	1,866	10,676
	<b>84,565</b>	<b>2,100</b>	<b>82,465</b>



# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 15 TRADE AND OTHER RECEIVABLES (continued)

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 the loss allowance:

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Balance at beginning of the period/ year	2,337	2,273	2,100	1,752
Impairment loss recognised on the receivables	-	64	173	348
<b>Balance at end of the period/ year</b>	<b>2,337</b>	<b>2,337</b>	<b>2,273</b>	<b>2,100</b>

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

### 16 CASH AND CASH EQUIVALENTS

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Cash on hand	39,674	41,470	49,266	47,391
Bank balances	278,454	229,480	384,353	267,406
Short term deposits	4,427	6,744	7,780	11,784
	<b>322,555</b>	<b>277,694</b>	<b>441,399</b>	<b>326,581</b>

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 three-month periods ended 31 March 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021. 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.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 16 CASH AND CASH EQUIVALENTS (continued)

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

	<i>31 March 2024 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Cash on hand	39,674	41,470	49,266	47,391
Bank balances	278,454	229,480	384,353	267,406
Short term deposits	4,427	6,744	7,780	11,784
Cash at banks attributable to discontinued operations	-	1,176	-	-
	<u>322,555</u>	<u>278,870</u>	<u>441,399</u>	<u>326,581</u>

### 17 EQUITY

#### *Share capital*

The authorised share capital of the Company is 6 billion shares of USD 0.028 each as at 31 March 2024 (31 December 2023: 100 shares of USD 1 each, 31 December 2022: 100 shares of USD 1 each, 31 December 2021: 100 shares of USD 1 each).

The issued share capital of the Company is 5,164,452,575 shares of USD 0.028 each as at 31 March 2024 (31 December 2023: 100, 31 December 2022: 100, and 31 December 2021: 100).

During the three-month period ended 31 March 2024, 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.

#### *Capital reserve*

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.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 18 BANK BORROWINGS

Bank borrowings comprise of:

	<b>31 March 2024 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
Long term loans (a)	-	539,142	1,104,174	1,164,568
Short term loans (b)	<b>215,263</b>	271,041	339,670	397,431
Bank trust receipts (c)	<b>481,368</b>	299,529	438,101	501,612
Rental loan	-	-	323	9,096
Bank overdrafts (d)	<b>82,379</b>	18,205	69,280	68,529
Vehicle loans	<b>879</b>	1,086	1,379	1,371
	<b>779,889</b>	1,129,003	1,952,927	2,142,607
Less: current portion				
- Long term loans	-	(26,208)	(263,671)	(276,938)
- Short term loans	<b>(215,263)</b>	(271,041)	(339,670)	(397,431)
- Trust receipts	<b>(481,368)</b>	(299,528)	(438,101)	(501,612)
- Rental loan	-	-	(323)	(9,096)
- Bank overdrafts	<b>(82,379)</b>	(18,205)	(69,280)	(68,529)
- Vehicle loans	<b>(542)</b>	(643)	(746)	(615)
	<b>(779,552)</b>	(615,625)	(1,111,791)	(1,254,221)
Non- current portion	<b>337</b>	513,378	841,136	888,386

a) The long-term loans 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 2.2% for the three-month period ended 31 March 2024 (For the year ended 31 December 2023 a margin between 1.5% to 3.5%, 2022: 1.5% to 3.5%, 2021: 1.5% to 3.5%). These loans are repayable in various monthly / quarterly instalments. The outstanding balance as at 31 December 2022 was fully repaid in 2023 using the funds drawn by the Group against the Syndicated Facility, mentioned in (ii) below, and the funds received from the Parent Company.
- (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 March 2024, the Company's subsidiary is no more a party to the Syndicated Facility in accordance with the facility amendment agreement dated 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 as at 31 March 2024 (See note(e) below).

**18 BANK BORROWINGS (continued)**

- 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 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, the total short term loan facilities granted amounted to USD 536,931 million, USD 692,951 million, USD 791,712 million and USD 945,680 million, respectively and the total facilities utilised amounted to USD 215,263 million, USD 271,041 million, USD 339,670 million and USD 397,431 million, respectively. These loans carry profit rate of EIBOR or relevant rates in respective jurisdictions plus a margin ranging between 1% to 2.5% for the three-month period ended 31 March 2024 (For the year ended 31 December 2023: 1% to 2.75%, 2022: 1% to 2.75%, 2021: 1.25% to 2.75%).
- c) Bank trust receipts are obtained from local banks and carries interest at EIBOR or relevant rates in respective jurisdictions plus a margin between 1% to 2.5% for the three-month period ended 31 March 2024 (For the year ended 31 December 2023: 1% to 2.75%, 2022: 1% to 2.75%, 2021: 1.25% to 2.75%). The outstanding balance as at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021 amounted to USD 481 million, USD 300 million, USD 438 million and USD 502 million, respectively, and is due for repayment within twelve months.
- d) Bank overdrafts carry interest at EIBOR or relevant rates in respective jurisdictions plus a margin between 1% to 2.5% for the three-month period ended 31 March 2024 (For the year ended 31 December 2023: 1% to 2.75%, 2022: 1% to 2.75%, 2021: 1.25% to 2.75%).
- e) As at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, bank borrowings of the Group obtained under various facilities were secured by the following:

Lulu Group - UAE Operations

- Assignment of card receivables, assignment of insurance policy over inventories and property and equipment of certain Group entities and certain entities under common control of the Parent Company (hereinafter referred to as "Lulu Group entities" in this note) in favor of the banks.
- Personal guarantees of the Ultimate Controlling Party.
- Mortgage and hypothecation of movable property and equipment of certain Group entities and Lulu Group entities and inventories of the Group.
- Mortgage over various plot of land, held by Lulu Group entities in the UAE.\*
- Assignment of leasehold rights (including rental income) of certain Group entities and Lulu Group entities.\*
- First charge/pledge over the collection/amanat account opened with the banks.\*
- Joint and several corporate guarantees from certain Group entities and Lulu Group entities.
- Documentary promissory note with different limits for each type of loan.
- Assignment of fire and burglary policies of certain Group entities and Lulu Group entities.
- Negative pledge over the property and equipment of certain Group entities and Lulu Group entities.

Lulu Group - Kuwait Operations (Combined)

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

Lulu Muscat Hypermarket LLC, Oman

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

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 18 BANK BORROWINGS (continued)

#### Lulu Hypermarket Trading Company WLL, Qatar

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

#### Lulu Saudi Hypermarkets Company and its Subsidiaries

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

#### Lulu Bahrain Hypermarket SPC

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

#### Y International (UK) Limited

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

#### Syndicated Facility\*\*

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

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.

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

\*\*These securities are applicable only to the Group's long-term loans outstanding as at 31 December 2023. Subsequent to the amendment of the Syndicated Facility as at 31 March 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).

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 18 BANK BORROWINGS (continued)

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 '00'</i>	<i>Currency exchange impact USD '00'</i>	<i>Other Non- Cash item USD '00'</i>	<i>31 March 2024 USD '000</i>
Bank borrowings	<b>1,129,003</b>	<b>184,583</b>	-	<b>(533,697)</b>	<b>779,889</b>
Lease liabilities (Note 21)	<b>2,001,102</b>	<b>(63,819)</b>	<b>(290)</b>	<b>(69,776)</b>	<b>1,867,217</b>
	<i>1 January 2023 USD '000</i>	<i>Cash flows net USD '00'</i>	<i>Currency exchange impact USD '00'</i>	<i>Other Non- Cash item USD '00'</i>	<i>31 December 2023 USD '000</i>
Bank borrowings	1,952,927	(823,924)	-	-	1,129,003
Lease liabilities (Note 21)	3,099,137	(336,612)	1,663	(673,086)	2,001,102
Loans from related parties (Note 19)	727,017	(135,798)	-	(591,219)	-
	<i>1 January 2022 USD '000</i>	<i>Cash flows net USD '00'</i>	<i>Currency exchange impact USD '00'</i>	<i>Other Non- Cash item USD '00'</i>	<i>31 December 2022 USD '000</i>
Bank borrowings	2,142,607	(189,680)	-	-	1,952,927
Lease liabilities (Note 21)	2,762,185	(343,317)	(6,032)	686,301	3,099,137
Loans from related parties (Note 19)	574,836	152,181	-	-	727,017
	<i>1 January 2021 USD '000</i>	<i>Cash flows net USD '00'</i>	<i>Currency exchange impact USD '00'</i>	<i>Other Non- Cash item USD '00'</i>	<i>31 December 2021 USD '000</i>
Bank borrowings	2,675,176	(532,569)	-	-	2,142,607
Lease liabilities (Note 21)	2,639,185	(307,726)	1,030	429,696	2,762,185
Loans from related parties (Note 19)	90,577	484,259	-	-	574,836

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 19 LOANS FROM RELATED PARTIES

Loans from related parties as at the reporting dates are as follows:

	<i>Current</i>			
	<i>31 March</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>
	<i>USD '000</i>	<i>USD '00'</i>	<i>USD '00'</i>	<i>USD '000</i>
Y&S Properties SPV Limited (a)	-	-	24,983	24,983
Hamad Rashed SPV 4 Ltd (b)	-	-	204,689	13,723
	-	-	229,672	38,706
	-	-	442,886	468,062
Hamad Rashed SPV 4 Ltd (b)	-	-	54,459	68,068
	-	-	497,345	536,130
Total	-	-	727,017	574,836

- a) In accordance with the associate loan agreement dated 26 December 2021, an amount of USD 493 million was provided as an on-loan by Y&S Properties SPV Limited, a related party. This loan bore interest of 3 months EIBOR plus margin per annum and was repayable in 40 quarterly installments.
- b) In accordance with the loan agreement dated 17 November 2019, an amount of USD 109 million was provided as a loan by Hamad Rashed SPV 4 Ltd, a related party. This loan bore interest of 3 months EIBOR plus margin per annum and was repayable in 32 quarterly instalments. In 2022, an additional short-term loan of USD 191 million was obtained in accordance with the addendum to the original loan agreement dated 21 December 2023. The loan carried an interest of 3 months EIBOR plus margin per annum and was repayable in full by May 2023.
- c) During the year ended 31 December 2023, the loans from related parties were settled in full amounting to USD 727,017 thousand.

For details of reconciliation of liabilities arising from financing activities relating to loans from related parties, refer to note 18.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 20 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

In accordance with the provisions of IAS 19, the Company has carried out an exercise to assess the present value of its defined benefit obligation at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021 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 statement of financial position and the movements in the employees' defined benefit obligation are as follows:

	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>USD '000</i>	<i>USD '00'</i>	<i>USD '00'</i>	<i>USD '000</i>
Balance at the beginning of the period/ year	<b>176,785</b>	169,105	162,999	172,437
Current service cost	<b>5,149</b>	27,176	22,157	4,447
Interest cost	<b>2,006</b>	710	526	448
<b>Total amount recognised in profit or loss</b>	<b>7,155</b>	27,886	22,683	4,895
Re-measurement loss /(gain) recognised in other comprehensive income	<b>(10,554)</b>	91	(998)	(1,632)
Benefits paid	<b>(3,901)</b>	(19,553)	(15,393)	(12,730)
Employees' receivable adjusted	-	88	7	1
Transferred from related parties	-	(634)	59	-
Translation adjustment	<b>(856)</b>	33	(252)	28
Other adjustment	<b>231</b>	-	-	-
Transfer to liabilities classified as held for sale	-	(231)	-	-
Balance at the end of the period/ year	<b>168,860</b>	176,785	169,105	162,999

- 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 March 2024 is 5 years (31 December 2023: 5 years, 2022: 5 years, 2021: 6 years).
- c) The closing number of employees as at 31 March 2024 is 54,065 (31 December 2023: 52,681; 2022: 52,124; 2021: 47,923).

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

	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Discount rate	<b>3-13%</b>	4-7%	3.5-7.43%	0.5-7.43%
Salary increases rate	<b>3%-15%</b>	3-4%	3-4%	3-4%
Mortality rate	<b>100% of</b>	100% of	100% of	100% of
	<b>IALM 2012-14</b>	IALM 2012-14	IALM 2012-14	IALM 2012-14
Rate of employee turnover	<b>1-15%</b>	1-15%	1-15%	1-15%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

**20 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)**

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

<b>Assumptions</b>	<b>31 March 2024 USD '000</b>	<b>31 December 2023 USD '00'</b>	<b>31 December 2022 USD '00'</b>	<b>31 December 2021 USD '000</b>
<i>Discount rate:</i>				
0.5% increase	<b>(5,169)</b>	(7,012)	(7,169)	(9,215)
0.5% decrease	<b>8,807</b>	7,725	7,924	10,315
<i>Salary increases:</i>				
0.5% increase	<b>8,916</b>	7,833	7,994	10,097
0.5% decrease	<b>(5,384)</b>	(7,233)	(7,338)	(9,209)
<i>Employees turnover rate:</i>				
Increase by 5% of base	<b>5,593</b>	4,224	2,764	(2,764)
Decrease by 5% of base	<b>(4,856)</b>	(6,504)	(6,421)	4,807

**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:

	<b>31 March 2024 USD '000</b>	<b>31 December 2023 USD '00'</b>	<b>31 December 2022 USD '00'</b>	<b>31 December 2021 USD '000</b>
Within next 12 months (next annual reporting period)	<b>34,552</b>	35,143	33,133	30,978
Between 2 and 5 years	<b>81,587</b>	85,496	80,469	77,512
Beyond 5 years	<b>101,975</b>	106,528	101,642	98,138

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 21 LEASE LIABILITIES

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

	<b>31 March 2024</b>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
	<b>USD '000</b>	<i>USD '00'</i>	<i>USD '00'</i>	<i>USD '000</i>
Balance as at the beginning of the period/ year	<b>2,001,102</b>	3,099,137	2,762,185	2,639,185
Additions during the period/ year	<b>50,626</b>	268,156	554,727	278,962
Terminations during the period/ year	<b>(7,051)</b>	(870,964)	(7,530)	(354)
Accretion of interest	<b>22,087</b>	134,923	131,847	118,008
Interest capitalized	<b>650</b>	4,672	9,538	8,411
Payments	<b>(63,819)</b>	(336,612)	(343,317)	(307,726)
Translation adjustment	<b>(290)</b>	1,663	(6,032)	1,030
Modifications	<b>(136,088)</b>	(117,161)	(2,281)	24,669
Reclassified as asset held for sale	<b>-</b>	(182,712)	-	-
<b>Balance as at the end of the period/ year</b>	<b>1,867,217</b>	2,001,102	3,099,137	2,762,185
Of which are:				
Current	<b>169,206</b>	173,428	206,975	192,675
Non-current	<b>1,698,011</b>	1,827,674	2,892,162	2,569,510
	<b>1,867,217</b>	2,001,102	3,099,137	2,762,185

During the three-month period ended 31 March 2024, income from subleasing right-of-use assets amounted to USD 12.7 million (year ended 31 December 2023: USD 51.2 million, 31 December 2022: USD 54.5 million, 31 December 2021: USD 45.9 million).

The interest expense includes an amount of USD 650 thousand during the three-month period ended 31 March 2024 (year ended 31 December 2023: 4.6 million, 31 December 2022: 9.5 million, 31 December 2021: 8.4 million) capitalized to capital work in progress related to land that qualify during the period of construction.

The details of the interest expense on lease liability:

	<b>31 March 2024</b>	<i>31 March 2023</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
	<b>USD '000</b>	<i>USD '00'</i>	<i>USD '00'</i>	<i>USD '00'</i>	<i>USD '000</i>
Finance cost	<b>22,087</b>	29,431	121,711	113,852	97,124
Related to discontinued operations	<b>1,999</b>	5,809	13,212	17,995	20,884
	<b>24,086</b>	35,240	134,923	131,847	118,008

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 21 LEASE LIABILITIES (continued)

The maturity analysis of discounted lease liabilities is as follows:

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
<i>Maturity analysis</i>				
Not later than 1 year	<b>169,206</b>	173,428	206,975	192,675
Later than 1 year and not later than 5 years	<b>578,049</b>	624,994	767,530	657,866
Later than 5 years	<b>1,119,962</b>	1,202,680	2,124,632	1,911,644
	<b>1,867,217</b>	2,001,102	3,099,137	2,762,185

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

#### 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. During the year, the Group had other lease terminations for which the difference was also recognised as a gain (Note 25).

The present value of the minimum lease payments of the sale and lease back transaction at 31 December 2022: USD 54.8 million and 2021: USD 56 million. The Group's obligations under capital leases are secured by the lessor's charge over the leased assets. The lease term is for 25 years expiring in 2041 and renewable at the option of the Group.

The gain on the sale of the building, leasehold improvements, furniture and fixtures and equipment has been deferred in proportion to the present value of the minimum lease payments. The deferred gain on sale at the year ended 31 December 2022: USD 16.7 million and 31 December 2021: USD 18.4 million.

	<i>Current</i>			
	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Deferred gain on sale and lease back	-	-	1,685	1,739
	<b>-</b>	<b>-</b>	<b>1,685</b>	<b>1,739</b>
	<i>Non-current</i>			
	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Deferred gain on sale and lease back	-	-	16,728	18,432
	<b>-</b>	<b>-</b>	<b>16,728</b>	<b>18,432</b>

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 22 TRADE AND OTHER PAYABLES

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Trade payables	<b>1,300,143</b>	1,212,732	1,177,447	1,142,470
Accrued expenses	<b>58,100</b>	51,801	38,731	37,050
Advances from customers and tenants	<b>27,573</b>	18,855	21,314	10,654
Retention payable	<b>1,543</b>	914	4,609	13,681
Refundable deposits from tenants	<b>10,645</b>	4,298	11,431	10,849
Other payables	<b>81,815</b>	91,424	135,969	81,205
	<b>1,479,819</b>	1,380,024	1,389,501	1,295,909

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.

#### 23 REVENUE

##### Disaggregation of revenue

	<i>Three- month</i> <i>period ended</i> <i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>Three- month</i> <i>period ended</i> <i>31 March</i> <i>2023</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2021</i> <i>USD '000</i>
Revenue from sale of goods	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365
	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365

##### Revenue by timing

	<i>Three- month</i> <i>period ended</i> <i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>Three- month</i> <i>period ended</i> <i>31 March</i> <i>2023</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2023</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2022</i> <i>USD '00'</i>	<i>Year ended</i> <i>31 December</i> <i>2021</i> <i>USD '000</i>
Goods transferred at a point in time	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365
	<b>1,939,603</b>	1,802,752	7,277,956	6,893,966	6,312,365

##### Revenue by region

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

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 24 COST OF REVENUE

	<i>Three- month period ended 31 March 2024 USD '000</i>	<i>Three- month period ended 31 March 2023 USD '00'</i>	<i>Year ended 31 December 2023 USD '00'</i>	<i>Year ended 31 December 2022 USD '00'</i>	<i>Year ended 31 December 2021 USD '000</i>
<i>Cost of revenue from sale of goods</i>					
Inventories, at the beginning of the period/ year	<b>1,374,607</b>	1,395,175	1,395,175	1,296,361	1,286,011
Add: Purchases (including direct expenses)	<b>1,606,471</b>	1,452,013	5,582,244	5,435,944	4,915,457
	<b>2,981,078</b>	2,847,188	6,977,419	6,732,305	6,201,468
Less: Inventories, at the end of the period/ year (Note 14)	<b>(1,488,103)</b>	(1,462,416)	(1,374,607)	(1,395,175)	(1,296,361)
Cost of revenue	<b>1,492,975</b>	1,384,772	5,602,812	5,337,130	4,905,107
Other	-	1,865	17	7,696	7,755
	<b>1,492,975</b>	1,386,637	5,602,829	5,344,826	4,912,862

#### 25 OTHER OPERATING INCOME

	<i>Three- month period ended 31 March 2024 USD '000</i>	<i>Three- month period ended 31 March 2023 USD '000</i>	<i>Year ended 31 December 2023 USD '000</i>	<i>Year ended 31 December 2022 USD '000</i>	<i>Year ended 31 December 2021 USD '000</i>
Contribution from vendors Note 25(a)	<b>44,806</b>	40,277	152,083	144,387	133,098
Tenant rentals and commissions Note 25(b)	<b>14,763</b>	13,717	54,751	61,466	52,129
Gain on disposal of property and equipment	<b>110</b>	28	-	136	1,321
Gain on lease modifications / terminations	-	118	31,364	116	201
Others	<b>7,241</b>	4,079	34,969	49,837	36,677
	<b>66,920</b>	58,219	273,167	255,942	223,426

- 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 represent rental income from the tenants for the space utilized by them in the showroom. Tenant commission represents commission on sales made by the tenants.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 26 OPERATING EXPENSES

	<i>Three- month period ended 31 March 2024 USD '000</i>	<i>Three- month period ended 31 March 2023 USD '000</i>	<i>Year ended 31 December 2023 USD '000</i>	<i>Year ended 31 December 2022 USD '000</i>	<i>Year ended 31 December 2021 USD '000</i>
Employees' salaries and benefits	174,444	166,775	686,093	658,221	623,345
Depreciation expense (a)	93,460	102,733	415,844	404,593	387,923
Utilities	37,307	35,374	167,027	155,446	140,493
Advertising and sales promotion	11,108	8,978	44,827	49,580	44,638
Repairs and maintenance	8,859	8,165	34,611	31,668	29,394
Rent expenses	38,024	19,129	75,451	66,276	56,698
Credit card commission	10,279	8,750	35,179	33,376	29,672
Office expenses	5,366	5,127	20,971	21,896	22,098
Professional and legal fees	5,165	4,784	19,001	17,725	16,988
Travelling expenses	5,107	3,996	18,359	16,026	13,394
Vehicle expenses	5,065	5,843	23,388	23,723	17,252
Insurance charges	1,845	1,723	7,217	7,146	7,321
Sponsorship fees	1,914	1,908	8,496	5,998	4,987
Gifts and donations	445	1,099	3,313	2,721	1,596
Loss allowance	-	-	111	360	613
Other	8,582	6,606	20,285	12,288	1,966
	<b>406,970</b>	380,990	1,580,173	1,507,043	1,398,378

a) The breakdown of depreciation expense is as follows:

	<i>Three- month period ended 31 March 2024 USD '000</i>	<i>Three- month period ended 31 March 2023 USD '000</i>	<i>Year ended 31 December 2023 USD '000</i>	<i>Year ended 31 December 2022 USD '000</i>	<i>Year ended 31 December 2021 USD '000</i>
Depreciation on property and equipment (Note 10(b))	39,531	37,686	155,229	149,056	149,148
Depreciation on right of use assets (Note 11(a))	53,544	64,662	259,069	253,991	236,624
Depreciation on investment properties (Note 12)	385	385	1,546	1,546	2,151
	<b>93,460</b>	102,733	415,844	404,593	387,923

b) The Company has not made any social contributions during the three-month period ended 31 March 2024 and 2023, respectively and year ended 31 December 2023, 2022 and 2021, respectively.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 27 FINANCE COST, NET

	<i>Three- month period ended 31 March 2024 USD '000</i>	<i>Three- month period ended 31 March 2023 USD '000</i>	<i>Year ended 31 December 2023 USD '000</i>	<i>Year ended 31 December 2022 USD '000</i>	<i>Year ended 31 December 2021 USD '000</i>
Interest on bank borrowings	16,882	41,079	136,472	119,127	76,034
Bank charges	3,104	3,066	12,297	14,280	15,735
Interest on lease liabilities	22,087	29,431	121,711	113,852	97,124
Interest income	(35)	(26,691)	(117,077)	(297)	(324)
	<b>42,038</b>	<b>46,885</b>	<b>153,403</b>	<b>246,962</b>	<b>188,569</b>

### 28 TAX EXPENSE

The breakdown of tax expense is as follows:

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Current income tax:					
Current income tax charge	9,282	4,061	18,702	18,057	14,854
Adjustment in respect of current income tax of previous year	78	43	971	1,205	945
Deferred tax expense / (benefit)	(4,988)	(64)	3,001	(4,353)	(3,622)
	<b>4,372</b>	<b>4,040</b>	<b>22,674</b>	<b>14,909</b>	<b>12,177</b>

Following table represents the reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate:

	<i>31 March 2024 USD '000</i>	<i>31 March 2023 USD '000</i>	<i>31 December 2023 USD '000</i>	<i>31 December 2022 USD '000</i>	<i>31 December 2021 USD '000</i>
Profit before tax related to					
Continuing operations	64,540	46,459	214,718	51,077	35,982
Discontinued operations	32,976	(6,791)	26,263	(22,408)	(16,616)
	97,516	39,668	240,981	28,669	19,366
Tax rate Q1'24 @ 9% (Other periods: 0%)	8,776	-	-	-	-
Higher tax rate in other jurisdiction	2,017	1,863	27,104	7,561	7,253
Non deductible items	(6,597)	596	(12,252)	2,593	14
Adjustments in respect of current income tax of previous years	78	43	971	1,205	945
Utilisation of previously unrecognised tax balance	-	-	(4)	(1)	(174)
Withholding tax	55	496	1,974	2,029	1,966
Others	103	279	1,422	1,229	1,808
<b>Total</b>	<b>4,432</b>	<b>3,277</b>	<b>19,215</b>	<b>14,616</b>	<b>11,812</b>
Income Taxes related to:					
Continuing operations	4,372	4,040	22,674	14,909	12,177
Discontinued operations	60	(765)	(3,459)	(293)	(365)

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 28 TAX EXPENSE (continued)

Deferred tax relates to the following:

#### Consolidated statement of profit or loss:

	<b>31 March 2024</b>	<b>31 March 2023</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Accelerated depreciation for tax purposes	(6,965)	(84)	(588)	(650)	193
Employees' defined benefit liabilities	(156)	-	(621)	(473)	(598)
Revaluations of equity instruments to fair value through profit or loss	(2)	-	(12)	(3)	-
Leases	2,133	(409)	(1,872)	(2,853)	(3,478)
Post employment benefit obligation	-	-	(3)	13	-
Losses available for offsetting against future taxable income	2	-	5,474	(1,122)	83
Others	-	-	-	260	(260)
<b>Deferred tax expense/(benefit)</b>	<b>(4,988)</b>	<b>(493)</b>	<b>2,378</b>	<b>(4,828)</b>	<b>(4,060)</b>
<b>Deferred tax expense / (benefit) related to</b>					
<b>Continuing operations</b>	<b>(4,988)</b>	<b>(64)</b>	<b>3,001</b>	<b>(4,353)</b>	<b>(3,622)</b>
<b>Discontinued operations</b>	<b>-</b>	<b>(429)</b>	<b>(623)</b>	<b>(475)</b>	<b>(438)</b>

#### Consolidated statement of financial position

	<b>31 March 2024</b>	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Accelerated depreciation for tax purposes	-	(6,452)	(7,628)	(8,287)
Employees' defined benefit liabilities	4,903	4,748	4,246	3,777
Revaluations of equity instruments to fair value through profit or loss	17	19	10	3
Leases	9,194	8,658	14,006	11,156
Post employment benefit obligation	18	18	21	22
Losses available for offsetting against future taxable income	13	11	2,155	1,033
Accrued and other liabilities	105	105	105	105
Others	42	39	15	266
<b>Deferred tax asset net</b>	<b>14,292</b>	<b>7,146</b>	<b>12,930</b>	<b>8,075</b>
Deferred tax asset	14,434	11,779	18,283	13,135
Deferred tax liability	142	4,633	5,353	5,060

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
UAE	9%	-	-	-
Kingdom of Saudi Arabia	20%	20%	20%	20%
Qatar	10%	10%	10%	10%
Oman	15%	15%	15%	15%



## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 29 EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the year 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 year 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 March 2024, 31 March 2023, 31 December 2023, 31 December 2022 and 31 December 2021, 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:

	<i>31 March 2024</i>	<i>31 March 2023</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Profit/(loss) attributable to ordinary equity holders of the Parent Company:					
Continuing operations (USD '000)	<b>60,168</b>	42,419	192,044	36,168	23,805
Discontinued operations (USD '000)	<b>32,916</b>	(6,026)	29,722	(22,115)	(16,251)
Profit attributable to ordinary equity holders of the Parent Company	<b>93,084</b>	36,393	221,766	14,053	7,554
Weighted average number of ordinary shares* - basic and diluted ('000)	<b>10,328,905</b>	10,328,905	10,328,905	10,328,905	10,328,905
Basic and diluted EPS (in USD cents per share)	<b>0.90</b>	0.35	2.15	0.14	0.07

\*The weighted average number of ordinary shares for all periods presented have been adjusted for the effects of capitalisation arising from the reorganisation which resulted in the issuance of 5,164,452,575 ordinary shares in March 2024. Further the earnings per share calculations for the current and prior periods/ years 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.

#### 30 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>	<i>USD '000</i>
<i>Capital commitments:</i>				
Commitments for the purchase of property and equipment	<b>15,788</b>	17,521	16,598	35,073
<i>Contingent liabilities:</i>				
Letters of guarantees and performance bonds (a)	<b>28,167</b>	19,137	42,511	108,665
Letters of credit (b)	<b>56,238</b>	63,576	103,992	112,769
Corporate guarantees (Note 9)	<b>3,803,914</b>	3,832,227	3,081,810	2,550,506
Acceptances (c)	<b>5,931</b>	3,944	4,528	4,932
	<b>3,894,250</b>	3,918,884	3,232,841	2,776,872

- 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 fails 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.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 30 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

- 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.

### 31 FINANCIAL INSTRUMENTS

#### (a) Significant accounting policies

Details of the significant 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.

#### (b) Categories of financial instruments

	<b>31 March 2024 USD '000</b>	<b>31 December 2023 USD '000</b>	<b>31 December 2022 USD '000</b>	<b>31 December 2021 USD '000</b>
<b>Financial assets</b>				
At amortised cost:				
Trade receivables (Note 15)	247,485	196,630	163,138	82,465
Other receivables (Note 15)	18,671	16,448	19,215	27,221
Tenants' receivable (Note 15)	17,589	10,454	23,827	19,213
Due from related parties (Note 9)	3,238	2,415,670	1,702,581	1,381,924
Cash and cash equivalents (Note 16)	322,555	277,694	441,399	326,581
At Fair value through OCI				
Investments at fair value through other comprehensive income	1,196	1,369	1,495	1,621
	<b>610,734</b>	<b>2,918,265</b>	<b>2,351,655</b>	<b>1,839,025</b>
<b>Financial liabilities</b>				
At amortised cost:				
Bank borrowings (Note 18)	779,889	1,129,003	1,952,927	2,142,607
Lease liabilities (Note 21)	1,867,217	2,001,102	3,099,137	2,762,185
Loans from related parties (Note 19)	-	-	727,017	574,836
Due to related parties (Note 9)	235,398	2,325,949	580,623	32,245
Trade payables (Note 22)	1,300,143	1,212,732	1,177,447	1,142,470
Retention payable (Note 22)	1,543	914	4,609	13,681
Payable for purchase of property, plant and equipment (Note 22)	4,613	-	-	-
Refundable deposits from tenants (Note 22)	10,645	4,298	11,431	10,849
Other (Note 22)	77,202	91,424	135,969	81,205
	<b>4,276,650</b>	<b>6,765,422</b>	<b>7,689,160</b>	<b>6,760,078</b>

#### (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.

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 31 FINANCIAL INSTRUMENTS (continued)

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 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 at 31 March 2024 (31 December 2023: USD 1.37 million, 2022 : USD 1.49 million, 2021: USD 1.62 million) and have been grouped into level 1 at each reporting date. The assets for which fair values are disclosed include investment property amounting to USD 57 million at 31 March 2024 (31 December 2023: USD 57 million, 2022: USD 100.4 million, 2021: USD 97.2 million) and have been grouped into level 3 at each reporting date.

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

Properties valued using the Income Approach:

	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Capitalisation rate			
-Term rent	10.5%	9.25%-10.5%	9-10%
-Reversion rent	12%	9.25%-10.5%	9-10%
Void rate	10%	5 - 15%	5 - 10%
Non recoverable operating costs (on market rent)	15%	13.5-16%	15-18%
Leasing Rate	3%	3%	3%

Properties valued using the Market Approach:

	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Opex (on rental value)	7.75%	5%	10%
Void rate	-%	5%	5%

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

## 32 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. Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group is exposed to interest rate risk on its interest-bearing loans and borrowings including bank overdrafts.

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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the period ended 31 March 2024 would decrease/increase by USD 3.89 million (for the years ended 31 December 2023: decrease/increase by USD 5.64 million, 2022: decrease/increase by USD 9.75 million, 2021: decrease/increase by USD 10.71 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.

**32 FINANCIAL RISK MANAGEMENT (continued)**

*Credit risk management (Continued)*

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:

<i>Category</i>	<i>Description</i>	<i>Basis for recognising ECL</i>
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 there 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.

*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.

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 32 FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk management (continued)

The table includes principal cash flows:

#### 31 March 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>&gt; 5 Years USD'000</i>
<b>Interest-bearing instruments</b>					
Lease liability (Note 21)	1,867,217	2,698,129	287,247	1,087,003	1,323,879
Bank borrowing (Note 18)	779,889	779,889	779,552	337	-
<b>Non-interest-bearing instruments</b>					
Due to related parties (Note 9)	235,398	235,398	235,398	-	-
Trade payables (Note 22)	1,300,143	1,300,143	1,300,143	-	-
Retention payable (Note 22)	1,543	1,543	1,543	-	-
Payable for purchase of Property, plant and equipment (Note 22)	4,613	4,613	4,613	-	-
Others (Note 22)	87,847	87,847	87,847	-	-

#### 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>&gt; 5 Years USD'000</i>
<b>Interest-bearing instruments</b>					
Lease liability (Note 21)	2,001,102	2,848,916	288,408	1,175,914	1,384,594
Bank borrowing (Note 18)	1,129,003	1,386,934	654,912	286,164	445,858
<b>Non-interest-bearing instruments</b>					
Due to related parties (Note 9)	2,325,949	2,325,949	2,325,949	-	-
Trade payables (Note 22)	1,213,732	1,213,732	1,213,732	-	-
Retention payable (Note 22)	914	914	914	-	-
Others (Note 22)	95,722	95,722	95,722	-	-

# Lulu Retail Holdings Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

### 32 FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk management (continued)

31 December 2022

	<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>&gt; 5 Years USD'000</i>
<b>Interest-bearing instruments</b>					
Lease Liability (Note 21)	3,099,137	3,784,203	359,323	1,371,079	2,053,801
Bank Borrowing (Note 18)	1,952,927	2,151,140	1,177,108	809,410	164,622
Loan from related party (Note 19)	727,017	727,017	727,017	-	-
<b>Non-interest-bearing instruments</b>					
Due to related parties (Note 9)	580,623	580,623	580,623	-	-
Trade payables (Note 22)	1,177,447	1,177,447	1,177,447	-	-
Retention payable (Note 22)	4,609	4,609	4,609	-	-
Others (Note 22)	147,400	147,400	147,400	-	-

31 December 2021

	<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>&gt; 5 Years USD'000</i>
<b>Interest-bearing instruments</b>					
Lease Liability (Note 21)	2,762,185	3,546,867	314,847	1,234,319	1,997,701
Bank Borrowing (Note 18)	2,142,607	2,298,626	1,303,137	892,491	102,998
Loan from related party (Note 19)	574,836	574,836	574,836	-	-
<b>Non-interest-bearing instruments</b>					
Due to related parties (Note 9)	32,245	32,245	32,245	-	-
Trade payables (Note 22)	1,142,470	1,142,470	1,142,470	-	-
Retention payable (Note 22)	13,681	13,681	13,681	-	-
Others (Note 22)	92,054	92,054	92,054	-	-

## Lulu Retail Holdings Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 March and the years ended 31 December

#### 33 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:

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '000</i>	<i>31 December</i> <i>2022</i> <i>USD '000</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Debt (i)	<b>2,647,106</b>	3,130,105	5,779,081	5,479,628
Less: Cash and bank balances (Note 16)	<b>(322,555)</b>	(277,694)	(441,399)	(326,581)
Net debt	<u>2,324,551</u>	<u>2,852,411</u>	<u>5,337,682</u>	<u>5,153,047</u>
Equity (ii)	<b>861,583</b>	766,907	793,156	816,674
Debt to equity ratio	<u><b>2.70</b></u>	<u>3.72</u>	<u>6.73</u>	<u>6.31</u>

- i) Debt includes as bank borrowings (Note18), loans from related parties (Note19) and lease liabilities (Note21).  
ii) Equity includes share capital, capital reserve, other reserves, other equity and retained earnings (accumulated profits net of dividends paid).

#### 34 DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTIONS FOR THE PURPOSES OF CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>31 March</i> <i>2024</i> <i>USD '000</i>	<i>31 March</i> <i>2023</i> <i>USD '000</i>	<i>31 December</i> <i>2023</i> <i>USD '000</i>	<i>31 December</i> <i>2022</i> <i>USD '000</i>	<i>31 December</i> <i>2021</i> <i>USD '000</i>
Issuance of share capital pursuant to the reorganisation (note 2)	<b>5,164,452</b>	-	-	-	-
Bank borrowings novated to the Parent Company	<b>533,696</b>	-	-	-	-
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	<b>(226)</b>	-	(365,826)	1,315	(51,233)
Investment properties transferred (to)/ from related parties, net	<b>519</b>	-	(6,830)	-	(51,732)
Net (decrease)/increase in right-of-use assets	<b>(102,553)</b>	-	(793,432)	571,709	307,318
Net increase/(decrease) in lease liabilities	<b>(82,118)</b>	-	(719,971)	544,916	303,277



**35 DIVIDEND**

No dividend is declared during the period ended 31 March 2024.

Dividends declared by Group entities during the years ended 31 December 2023, 31 December 2022 and 31 December 2021 amounted to USD 245,574 thousand, USD 30,500 thousand and USD 37,085 thousand, respectively.

**36 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.

**37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by those charged with governance and authorised for issue on 17 July 2024.

**LULU RETAIL HOLDINGS LIMITED**

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

**for the six-month period ended 30 June 2024**

**Lulu Retail Holdings Limited**

**REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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For the six-month period ended 30 June 2024

<b>Report on review of condensed consolidated interim financial information</b>	<b>1</b>
<b>Interim condensed consolidated statement of financial position</b>	<b>2 - 3</b>
<b>Interim condensed consolidated statement of profit or loss and other comprehensive income</b>	<b>4</b>
<b>Interim condensed consolidated statement of changes in equity</b>	<b>5</b>
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<b>Notes to the interim condensed consolidated financial information</b>	<b>7 - 37</b>
<b>Details of the Company's subsidiaries</b>	<b>Appendix A</b>

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

### *Introduction*

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

### *Scope of review*

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

### *Conclusion*

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

Deloitte & Touche (M.E.) LLP



Faeza Bibi Sohawon  
19 September 2024  
Abu Dhabi  
United Arab Emirates

# Lulu Retail Holdings Limited

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2024

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

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

Lulu Retail Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2024 (continued)

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

Saifuddin Taher Bhai Rupawala  
Director

Abdul Saleem Valiyakath Ibrahim Kutty  
Director

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

# Lulu Retail Holdings Limited

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

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

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

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

# Lulu Retail Holdings Limited

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month period ended 30 June

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

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



# Lulu Retail Holdings Limited

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month period ended 30 June

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 1 GENERAL INFORMATION

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

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

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

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

### 2 BASIS OF PREPARATION

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

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

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

**2 BASIS OF PREPARATION (continued)**

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

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

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

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

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

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

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

Note 3.1 provides additional information about the basis of consolidation.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

**2 BASIS OF PREPARATION (continued)**

**Functional and presentation currency**

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

**3 ACCOUNTING POLICIES**

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

**3.1 Basis of consolidation**

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

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

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

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

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

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

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

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

**3 ACCOUNTING POLICIES (continued)**

**3.1 Basis of consolidation (continued)**

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

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

**3.2 Changes in accounting policies and disclosures**

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

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

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

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (Non-current liability with covenants)
- Amendments to IFRS 16 Leases – Lease liability in a sale and leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements

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

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

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 3 ACCOUNTING POLICIES (continued)

#### 3.3 Significant accounting judgements, estimates and assumptions

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

### 4 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

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

#### *Note (a):*

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

#### *Terms and conditions:*

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

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

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

#### *Guarantees:*

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

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



# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 4 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

*Compensation of key management personnel of the Group:*

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

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

### 5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

## Lulu Retail Holdings Limited

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

#### 5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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

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

Cash flows relating to discontinued operations:

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 5 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

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

	31 December 2023 USD '000 (audited)
Property and equipment	43,642
Rights-of-use assets	168,105
Investment properties	21,852
Deferred tax asset	2,668
Trade and other receivables	9,185
Cash and cash equivalents	1,176
<b>Total assets held for sale</b>	<b>246,628</b>
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
<b>Total liabilities directly associated with assets held for sale</b>	<b>202,076</b>
<b>Net assets of disposal group</b>	<b>44,552</b>

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

### 6 SEGMENT INFORMATION

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

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

For three-month period ended 30 June 2024 (unaudited):

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

For six-month period ended 30 June 2024 (unaudited):

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

**As at 30 June 2024 (unaudited):**

	<i>UAE</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	7,198,200	686,549	860,342	907,118	650,684	10,302,893	536,670	10,839,563
Segment Liabilities	3,893,527	595,084	730,482	758,990	558,917	6,537,000	392,942	6,929,942

**As at 31 December 2023 (audited):**

	<i>UAE</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 Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

##### Reconciliation of revenues:

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

##### Reconciliation of adjusted EBITDA:

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

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

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

##### Reconciliation of assets

Particulars	30 June	31 December
	2024	2023
	USD '000	USD '000
	(unaudited)	(audited)
<b>Total assets for reportable segments</b>	<b>10,302,893</b>	9,289,275
Assets for other operating segments	536,670	513,678
Asset held for sale	-	246,628
Corporate head office assets	5,644	5,184
Inter-segment eliminations	(5,550,354)	(2,050,614)
<b>Consolidated total assets</b>	<b>5,294,853</b>	8,004,151

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

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

##### Reconciliation of liabilities

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

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

#### 6.4 Geography wise revenue

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 6 SEGMENT INFORMATION (continued)

#### 6.5 Geography wise non-current assets

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

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

### 7 PROPERTY AND EQUIPMENT

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 7 PROPERTY AND EQUIPMENT (continued)

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

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

### 8 RIGHT-OF-USE ASSETS

*The Group as lessee*

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 8 RIGHT-OF-USE ASSETS (continued)

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

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

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

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

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

### 9 INVESTMENT PROPERTIES

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 9 INVESTMENT PROPERTIES (continued)

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

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

### 10 INVENTORIES

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

### 11 TRADE AND OTHER RECEIVABLES

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

### 12 CASH AND CASH EQUIVALENTS

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 12 CASH AND CASH EQUIVALENTS (continued)

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

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

### 13 BANK BORROWINGS

Bank borrowings comprise of:

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

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

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

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

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

**13 BANK BORROWINGS (continued)**

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

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

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

Lulu Group - UAE Operations

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

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

Lulu Group - UAE Operations (continued)

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



**13 BANK BORROWINGS (continued)**

Lulu Group - Kuwait Operations (Combined)

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

Lulu Muscat Hypermarket LLC, Oman

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

Lulu Hypermarket Trading Company WLL, Qatar

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

Lulu Saudi Hypermarkets Company and its Subsidiaries

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

Lulu Bahrain Hypermarket WLL

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

Y International (UK) Limited

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

Syndicated Facility\*\*

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

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 14 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

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

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

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

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

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 15 LEASE LIABILITIES

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

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

The maturity analysis of discounted lease liabilities is as follows:

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

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

### 16 TRADE AND OTHER PAYABLES

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 17 REVENUE

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

#### Revenue by timing:

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

#### Revenue by region

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

### 18 COST OF REVENUE

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 19 OPERATING EXPENSES

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

### 20 INCOME TAX EXPENSE

The breakdown of tax expense is as follows:

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 20 INCOME TAX EXPENSE (continued)

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

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

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

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

### 21 EARNINGS PER SHARE (EPS)

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

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

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

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

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

# Lulu Retail Holdings Limited

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 22 COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

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

### 23 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

**25 SEASONALITY OF RESULTS**

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

**26 DIVIDEND**

No dividends were declared and paid during the reported periods.

**27 SUBSEQUENT EVENTS**

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

**28 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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



# Lulu Retail Holdings Limited

## DETAILS OF COMPANY'S SUBSIDIARIES as at 30 June 2024

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

# Lulu Retail Holdings Limited

## DETAILS OF COMPANY'S SUBSIDIARIES as at 30 June 2024

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

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

**Appendix A (continued)**

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

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

## **Annex 2 – Articles of Association**

ARTICLES OF ASSOCIATION

PUBLIC COMPANY LIMITED BY SHARES

Lulu Retail Holdings PLC

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## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### Defined terms

**1. In the articles, unless the context requires otherwise—**

“alternate” or “alternate director” has the meaning given in article 25,

“appointor” has the meaning given in article 26,

“articles” means the company’s articles of association,

“bankruptcy” includes individual insolvency proceedings in any jurisdiction,

“call” has the meaning given in article 51,

“call notice” has the meaning given in article 51,

“certificate” means a paper certificate evidencing a person’s title to specified shares or other securities,

“certificated” in relation to a share, means that it is not an uncertificated share,

“chairman” has the meaning given in article 13,

“chairman of the meeting” has the meaning given in article 31,

“Companies Regulations” means the Companies Regulations 2020,

“company’s lien” has the meaning given in article 49,

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called,

“distribution recipient” has the meaning given in article 69,

“document” includes, unless otherwise specified, any document sent or supplied in electronic form,

“electronic form” has the meaning given in section 1023 of the Companies Regulations,

“fully paid” in relation to a share, means that the issue price to be paid to the company in respect of that share have been paid to the company,

“Governance Regulations” means the Chairman of the Authority’s Board of Directors’ Decision No. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide (as amended from time to time). In the event of any conflict between the provisions of the of the Governance Regulations and the Mandatory Provisions of the Companies Regulations, the Mandatory Provisions of the Companies Regulations shall prevail,

“hard copy form” has the meaning given in section 1023 of the Companies Regulations,

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares,

“instrument” means a document in hard copy form,

“lien enforcement notice” has the meaning given in article 50,

“Mandatory Provisions of the Companies Regulations” are the mandatory provisions set out under the Companies Regulations that the company, directors and/or the members of the company may not exclude, disapply or limit its legal effect,

“member” has the meaning given in section 117 of the Companies Regulations,

“ordinary resolution” has the meaning given in section 298 of the Companies Regulations,

“paid” means paid or credited as paid,

“participate”, in relation to a directors’ meeting, has the meaning given in article 10,

“partly paid” in relation to a share means that part of that share’s issue price that has not been paid to the company,

“proxy notice” has the meaning given in article 36,

“Policies and Charters” are the policies and charters of the company, as may be amended from time to time, that will be approved by the directors, or as the case may be, by the members of the company, as required by each policy and/or charter or stipulated in the Governance Regulations. The Policies and Charters constitute an integral part of this articles, and in the event of any conflict between the provisions of the Policies and Charters and the articles, the provisions of the Policies and Charters shall prevail, unless the Mandatory Provisions of the Companies Regulations provide otherwise

“securities seal” has the meaning given in article 45,

“shares” means shares in the company,

“special resolution” has the meaning given in section 299 of the Companies Regulations,

“subsidiary” has the meaning given in section 1015 of the Companies Regulations,

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law,

“uncertificated” in relation to a share means that, by virtue of legislation (other than section 715 of the Companies Regulations) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate, and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Regulations as in force on the date when these articles become binding on the company.

#### Liability of members

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

## PART 2

### DIRECTORS

#### DIRECTORS' POWERS AND RESPONSIBILITIES

#### Directors' general authority

3. Subject to the articles and the Governance Regulations, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

#### Members' reserve power

4. (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.  
(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

#### Applicability of the Governance Regulations

5. The Governance Regulations shall apply in its entirety on the company. Any conflict between the provisions of the Governance Regulations and the articles, the Governance Regulations shall prevail, unless the Mandatory Provisions of the Companies Regulations provides otherwise.

#### Directors may delegate

6. (1) Subject to the articles and the Governance Regulations, the directors may delegate any of the powers which are conferred on them under the articles—
  - (a) to such person or committee,
  - (b) by such means (including by power of attorney),
  - (c) to such an extent,
  - (d) in relation to such matters or territories, and

- (e) on such terms and conditions,  
as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part or alter its terms and conditions.

#### Committees

- 7. (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors, or as the case may be, the members of the company, may make Polices and Charters for all or any committees which can be amended from time to time, which prevail over rules derived from the articles if they are not consistent with them unless the Mandatory Provisions of the Companies Regulations provide otherwise.

### DECISION-MAKING BY DIRECTORS

#### Directors to take decisions collectively

- 8. Decisions of the directors may be taken—
  - (a) at a directors' meeting, or
  - (b) in the form of a directors' written resolution.

#### Calling a directors' meeting

- 9. (1) Any director may call a directors' meeting.
- (2) The company secretary must call a directors' meeting if a director so requests.
- (3) A directors' meeting is called by giving notice of the meeting to the directors.
- (4) Notice of any directors' meeting must indicate—
  - (a) its proposed date and time,
  - (b) where it is to take place, and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (5) Notice of a directors' meeting must be given to each director.
- (6) Notice of a directors' meeting need not be given to directors who waive their

entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

#### Participation in directors' meetings

- 10.** (1) Subject to the articles and the Governance Regulations, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles and the Governance Regulations, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other. For the avoidance of doubt, directors may participate in directors' meeting via audio and / or audio and video technology or other similar methods by means of which all persons participating in the meeting can at all times during such meeting hear and speak to each other.
- (3) If all the directors participating in a meeting are not in the same place and are participating in the directors' meeting by telephone, video conference or other similar method, the meeting shall be initiated in the company's registered office, and as such shall be deemed to be held in the company's registered office or as decided by the directors in such meeting.

#### Quorum for directors' meetings

- 11.** (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings is a majority of the total number of directors.

#### Meetings where total number of directors less than quorum

- 12.** (1) This article applies where the total number of directors for the time being is less than the quorum for directors' meetings.
- (2) If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.
- (3) If there is more than one director—
- (a) a directors' meeting may take place, if it is called in accordance with the articles and the Governance Regulations, and a simple majority of the directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting to do so, and

- (b) if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

#### Chairing directors' meetings

- 13.**
- (1) The directors may appoint a director to chair their meetings.
  - (2) The person so appointed for the time being is known as the chairman.
  - (3) The directors may appoint other directors as deputy or assistant chairmen to chair directors' meetings in the chairman's absence.
  - (5) If neither the chairman nor any director appointed generally to chair directors' meetings in the chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

#### Voting at directors' meetings: general rules

- 14.**
- (1) Subject to the articles and the Governance Regulations, a decision is taken at a directors' meeting by a majority of the votes of the participating directors.
  - (2) Subject to the articles and the Governance Regulations, each director participating in a directors' meeting has one vote.
  - (3) Decisions made at a directors' meeting held through modern audio and/or video technology shall be valid and enforceable if approved by a majority of the directors present in person or through attendance by any of these means.
  - (4) Subject to the articles and the Governance Regulations, if a director has an interest in an actual or proposed transaction or arrangement with the company—
    - (a) that director and that director's alternate may not vote on any proposal relating to it, but
    - (b) this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

#### Chairman's casting vote at directors' meetings

- 15.**
- (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
  - (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

#### Alternates voting at directors' meetings



- 16.** A director who is also an alternate director has an additional vote on behalf of each appointor who is—
- (a) not participating in a directors' meeting, and
  - (b) would have been entitled to vote if they were participating in it.

#### Conflicts of interest

- 17.** (1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.
- (3) This paragraph applies when—
- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting,
  - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or
  - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes—
- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries,
  - (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities, and
  - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose

ruling in relation to any director other than the chairman is to be final and conclusive.

- (6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### Proposing directors' written resolutions

- 18.** (1) Any director may propose a directors' written resolution.
- (2) The company secretary must propose a directors' written resolution if a director so requests.
- (3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- (4) Notice of a proposed directors' written resolution must indicate—
  - (a) the proposed resolution, and
  - (b) the time by which it is proposed that the directors should adopt it.
- (5) Notice of a proposed directors' written resolution must be given in writing to each director.
- (6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

#### Adoption of directors' written resolutions

- 19.** (1) A proposed directors' written resolution is adopted when all the directors who **would** have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it, provided that those directors would have formed a quorum at such a meeting.
  - (2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.
  - (3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles and the Governance Regulations.
  - (4) The company secretary must ensure that the company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.
- 20.** Directors' discretion to make further rules

- (1) Subject to the articles and the Governance Regulations, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## ELECTION OF DIRECTORS

### Methods of electing directors

- 21.** Any person who is willing to act as a director, and is permitted by law to do so, may be elected to be a director in accordance with the Governance Regulations.

### Termination of director's appointment

- 22.** Subject to the Governance Regulations, a person ceases to be a director as soon as—
- (a) that person ceases to be a director by virtue of any provision of the Companies Regulations and the Governance Regulations or is prohibited from being a director by law,
  - (b) that person becomes bankrupt,
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
  - (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
  - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
  - (f) notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.

### Directors' remuneration

- 23.** (1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as per these articles and the Governance Regulations—
- (a) for their services to the company as directors, and
  - (b) for any other service which they undertake for the company.
- (3) Subject to the articles and the Governance Regulations, a director's remuneration may—

- (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

#### Directors' expenses

- 24.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
  - (b) general meetings, or
  - (c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

#### ALTERNATE DIRECTORS

##### Appointment and removal of alternates

- 25.** (1) Any director (the "appointor") may appoint as an alternate any other director, to—
- (a) exercise that director's powers, and
  - (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

- (2) Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.
- (3) The notice must—
- (a) identify the proposed alternate, and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as

the alternate of the director giving the notice.

#### Rights and responsibilities of alternate directors

- 26.** (1) An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.
- (2) Except as the articles specify otherwise, alternate directors—
- (a) are deemed for all purposes to be directors,
  - (b) are liable for their own acts and omissions,
  - (c) are subject to the same restrictions as their appointors, and
  - (d) are not deemed to be agents of or for their appointors.
- (3) A person who is an alternate director but not a director—
- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and
  - (b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

No alternate may be counted as more than one director for such purposes.

- (4) An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

#### Termination of alternate directorship

- 27.** An alternate director's appointment as an alternate terminates—
- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
  - (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
  - (c) on the death of the alternate's appointor, or
  - (d) when the alternate's appointor's appointment as a director terminates

### PART 3

#### DECISION-MAKING BY MEMBERS

#### ORGANISATION OF GENERAL MEETINGS

Members can call general meeting if not enough directors

28. If—

- (a) the company has fewer than two directors, and
- (b) the director (if any) is unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,

then two or more members may call a general meeting (or instruct the company secretary to do so) for the purpose of appointing one or more directors.

Attendance and speaking at general meetings

29. (1) Subject to the Governance Regulations, the general meeting of the company may be held by means of modern technology to attend remotely, and the shareholder may participate in the deliberations of the meeting and vote on resolutions by means of modern technology in accordance with the Governance Regulations. A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum and Notice for general meetings

30. The notice requirements for a general meeting shall be subject to the Governance Regulations and the Companies Regulations. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. The quorum for general meetings shall be

members holding at least 50% of the share capital of the company being present at the meeting (whether personally or by proxy).

#### Chairing general meetings

- 31.** (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—
- (a) the directors present, or
  - (b) if no directors are present), the meeting,
- must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- (3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

#### Attendance and speaking by directors and non-members

- 32.** (1) Directors may attend and speak at general meetings, whether or not they are members.
- (2) The chairman of the meeting may permit other persons who are not—
- (a) members of the company, or
  - (b) otherwise entitled to exercise the rights of members in relation to general meetings, to attend and speak at a general meeting.

#### Adjournment

- 33.** (1) Subject to the Governance Regulations, if the persons attending a general meeting within half an hour of the time at which the **meeting** was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—
- (a) the meeting consents to an adjournment, or
  - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to

do so by the meeting.

- (4) When adjourning a general meeting, the chairman of the meeting must—
  - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
  - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
  - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
  - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

#### VOTING AT GENERAL MEETINGS

Voting: general

- 34.** The members of the company agree that the vote of a general meeting must be in accordance with the Governance Regulations.

Errors and disputes

- 35.** (1) Subject to the Governance Regulations, no objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
  - (2) Any such objection must be referred to the chairman of the meeting whose decision is final.

Content of proxy notices

- 36.** (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—
  - (a) states the name and address of the member appointing the proxy,
  - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed,



- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine, and
  - (d) is delivered to the company in accordance with the articles and the Governance Regulations and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
  - (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
  - (4) Unless a proxy notice indicates otherwise, it must be treated as—
    - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
    - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
  - (5) Subject to the Companies Regulations and the Governance Regulations, if a corporation (whether or not a company within the meaning of Companies Regulations) is a member of the company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at any general meeting of the company.

#### Delivery of proxy notices

- 37.**
- (1) Any notice of a general meeting must specify the address or addresses (“proxy notification address”) at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
  - (2) A person who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
  - (3) Subject to paragraphs (4) and (5), a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
  - (6) An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
  - (7) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
  - (8) If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed

it to execute it on the appointor's behalf.

#### Amendments to resolutions

- 38.** (1) Subject to the Governance Regulations, an ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
- (a) notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
  - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) Subject to the Governance Regulations, a special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

#### RESTRICTIONS ON MEMBERS' RIGHTS

##### No voting of shares on which money owed to company

- 39.** No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it or in relation to it, unless all amounts payable to the company in respect of that share have been paid.

#### APPLICATION OF RULES TO CLASS MEETINGS

##### Class meetings

- 40.** The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.

#### PART 4

#### SHARES AND DISTRIBUTIONS

##### ISSUE OF SHARES

##### Powers to issue different classes of share

- 41.** (1) Subject to the articles and the Governance Regulations, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by a resolution of the members in accordance with the Governance Regulations.
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

#### Payment of commissions on subscription for shares

- 42.** (1) The company may pay any person a commission in consideration for that person—
- (a) **subscribing**, or agreeing to subscribe, for shares, or
  - (b) **procuring**, or agreeing to procure, subscriptions for shares.
- (2) Any such commission may be paid—
- (a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other, and
  - (b) in respect of a conditional or an absolute subscription.

#### INTERESTS IN SHARES

##### Company not bound by less than absolute interests

- 43.** Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

#### SHARE CERTIFICATES

##### Certificates to be issued except in certain cases

- 44.** (1) The company must issue each member with one or more certificates in respect of the shares which that member holds.
- (2) This article does not apply to—
- (a) **uncertificated shares**, or
  - (b) **shares in respect of which the Companies Regulations permit the company not to issue a certificate.**
- (3) Except as otherwise specified in the articles, all certificates must be issued free of charge.
- (4) No certificate may be issued in respect of shares of more than one class.

- (5) If more than one person holds a share, only one certificate may be issued in respect of it.

#### Contents and execution of share certificates

- 45.** (1) Every certificate must specify—
  - (a) in respect of how many shares, of what class, it is issued,
  - (b) the issue price of those shares,
  - (c) the amount paid up on them, and
  - (d) any distinguishing numbers assigned to them.
- (2) Certificates must—
  - (a) have affixed to them the company's common seal or an official seal which is a facsimile of the company's common seal with the addition on its face of the word "Securities" (a "securities seal"), or
  - (b) be otherwise executed in accordance with the Companies Regulations.

#### Consolidated share certificates

- 46.** (1) When a member's holding of shares of a particular class increases, the company may issue that member with—
  - (a) a single, consolidated certificate in respect of all the shares of a particular class which that member holds, or
  - (b) a separate certificate in respect of only those shares by which that member's holding has increased.
- (2) When a member's holding of shares of a particular class is reduced, the company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after that reduction. But the company need not (in the absence of a request from the member) issue any new certificate if—
  - (a) all the shares which the member no longer holds as a result of the reduction, and
  - (b) none of the shares which the member retains following the reduction, were, immediately before the reduction, represented by the same certificate.
- (3) A member may request the company, in writing, to replace—
  - (a) the member's separate certificates with a consolidated certificate, or
  - (b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member

may specify.

- (4) When the company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.
- (5) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the company for cancellation.

#### Replacement share certificates

- 47.** (1) If a certificate issued in respect of a member's shares is—
- (a) damaged or defaced, or
  - (b) said to be lost, stolen or destroyed,
- that member is entitled to be issued with a replacement certificate in respect of the same shares.
- (2) A member exercising the right to be issued with such a replacement certificate—
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates,
  - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and
  - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### SHARES NOT HELD IN CERTIFICATED FORM

#### Uncertificated shares

- 48.** (1) In this article, "the relevant rules" means—
- (a) any applicable provision of the Companies Regulations about the holding, evidencing of title to, or transfer of shares other than in certificated form, and
  - (b) any applicable legislation, rules or other arrangements made under or by virtue of such provision.
- (2) The provisions of this article have effect subject to the relevant rules.
- (3) Any provision of the articles which is inconsistent with the relevant rules must be disregarded, to the extent that it is inconsistent, whenever the relevant rules apply.
- (4) Any share or class of shares of the company may be issued or held on such terms, or in such a way, that—

- (a) title to it or them is not, or must not be, evidenced by a certificate, or
  - (b) it or they may or must be transferred wholly or partly without a certificate.
- (5) The directors have power to take such steps as they think fit in relation to—
- (a) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares),
  - (b) any records relating to the holding of uncertificated shares,
  - (c) the conversion of certificated shares into uncertificated shares, or
  - (d) the conversion of uncertificated shares into certificated shares.
- (6) The company may by notice to the holder of a share require that share—
- (a) if it is uncertificated, to be converted into certificated form, and
  - (b) if it is certificated, to be converted into uncertificated form, to enable it to be dealt with in accordance with the articles.
- (7) If—
- (a) the articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares, and
  - (b) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument,
- the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.
- (8) In particular, the directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.
- (9) Unless the directors otherwise determine, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form.
- (10) A class of shares must not be treated as two classes simply because some shares of that class are held in certificated form and others are held in uncertificated form.

#### PARTLY PAID SHARES

##### Company's lien over partly paid shares

- 49.** (1) The company has a lien (“the company’s lien”) over every share which is

partly paid for any part of that share's issue price which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

- (2) The company's lien over a share—
  - (a) takes priority over any third party's interest in that share, and
  - (b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.
- (3) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

#### Enforcement of the company's lien

- 50.**
- (1) Subject to the provisions of this article, if—
    - (a) a lien enforcement notice has been given in respect of a share, and
    - (b) the person to whom the notice was given has failed to comply with it, the company may sell that share in such manner as the directors decide.
  - (2) A lien enforcement notice—
    - (a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
    - (b) must specify the share concerned,
    - (c) must require payment of the sum payable within 14 days of the notice,
    - (d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise, and
    - (e) must state the company's intention to sell the share if the notice is not complied with.
  - (3) Where shares are sold under this article—
    - (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
    - (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
  - (4) The net proceeds of any such sale (after payment of the costs of sale and any

other costs of enforcing the lien) must be applied—

- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,
  - (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- (5) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date—
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
  - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

#### Call notices

- 51.** (1) Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to a member requiring the member to pay the company a specified sum of money (a "call") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.
- (2) A call notice—
- (a) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares,
  - (b) must state when and how any call to which it relates it is to be paid, and
  - (c) may permit or require the call to be paid by instalments.
- (3) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.
- (4) Before the company has received any call due under a call notice the directors may—
- (a) revoke it wholly or in part, or
  - (b) specify a later time for payment than is specified in the notice,
- by a further notice in writing to the member in respect of whose shares the call is made.



## Liability to pay calls

- 52.** (1) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- (2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share. (3) Subject to the terms on which shares are allotted, the directors may, when issuing shares,
- provide that call notices sent to the holders of those shares may require them—
- (a) to pay calls which are not the same, or
  - (b) to pay calls at different times.

## When call notice need not be issued

- 53.** (1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share —
- (a) on allotment,
  - (b) on the occurrence of a particular event, or
  - (c) on a date fixed by or in accordance with the terms of issue.
- (2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

## Failure to comply with call notice: automatic consequences

- 54.** (1) If a person is liable to pay a call and fails to do so by the call payment date—
- (a) the directors may issue a notice of intended forfeiture to that person, and
  - (b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.
- (2) For the purposes of this article—
- (a) the “call payment date” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “call payment date” is that later date,
  - (b) the “relevant rate” is—
    - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted,

- (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors, or
  - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.
- (4) The directors may waive any obligation to pay interest on a call wholly or in part.

#### Notice of intended forfeiture

**55.** A notice of intended forfeiture—

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,
- (b) must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise,
- (c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice,
- (d) must state how the payment is to be made, and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

#### Directors' power to forfeit shares

**56.** If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

#### Effect of forfeiture

- 57.** (1) Subject to the articles, the forfeiture of a share extinguishes
- (a) all interests in that share, and all claims and demands against the company in respect of it, and
  - (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.
- (2) Any share which is forfeited in accordance with the articles—
- (a) is deemed to have been forfeited when the directors decide that it is forfeited,
  - (b) is deemed to be the property of the company, and
  - (c) may be sold, re-allotted or otherwise disposed of as the directors think

fit.

- (3) If a person's shares have been forfeited—
  - (a) the company must send that person notice that forfeiture has occurred and record it in the register of members,
  - (b) that person ceases to be a member in respect of those shares,
  - (c) that person must surrender the certificate for the shares forfeited to the company for cancellation,
  - (d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture), and
  - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- (4) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

#### Procedure following forfeiture

- 58.**
- (1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
  - (2) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date—
    - (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
    - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.
  - (3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
  - (4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which—
    - (a) was, or would have become, payable, and

- (b) had not, when that share was forfeited, been paid by that person in respect of that share, but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

#### Surrender of shares

- 59.** (1) A member may surrender any share—
- (a) in respect of which the directors may issue a notice of intended forfeiture,
  - (b) which the directors may forfeit, or
  - (c) which has been forfeited.
- (2) The directors may accept the surrender of any such share.
- (3) The effect of surrender on a share is the same as the effect of forfeiture on that share.
- (4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

### TRANSFER AND TRANSMISSION OF SHARES

#### Transfers of certificated shares

- 60.** (1) Certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of—
- (a) the transferor, and
  - (b) if any of the shares is partly paid) the transferee.
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.
- (5) The directors may refuse to register the transfer of a certificated share if—
- (a) the share is not fully paid,
  - (b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed,
  - (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require

to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf,

- (d) the transfer is in respect of more than one class of share, or
  - (e) the transfer is in favour of more than four transferees.
- (6) If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

#### Transfer of uncertificated shares

- 61.** A transfer of an uncertificated share must not be registered if it is in favour of more than four transferees.

#### Transmission of shares

- 62.** (1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- (2) Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

#### Transmittees' rights

- 63.** (1) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (2) But transmittees do not have the right to attend or vote at a general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

#### Exercise of transmittees' rights

- 64.** (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the share is a certificated share and a transmittee wishes to have it transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) If the share is an uncertificated share and the transmittee wishes to have it transferred to another person, the transmittee must—

- (a) procure that all appropriate instructions are given to effect the transfer, or
  - (b) procure that the uncertificated share is changed into certificated form and then execute an instrument of transfer in respect of it.
- (4) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

- 65.** If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members.

## CONSOLIDATION OF SHARES

Procedure for disposing of fractions of shares

- 66.** (1) This article applies where—
- (a) there has been a consolidation or division of shares, and
  - (b) as a result, members are entitled to fractions of shares.
- (2) The directors may—
- (a) sell the shares representing the fractions to any person including the company for the best price reasonably obtainable,
  - (b) in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
  - (c) distribute the net proceeds of sale in due proportion among the holders of the shares.
- (3) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity for the purposes of the laws of the Abu Dhabi.
- (4) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.
- (5) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

## DISTRIBUTIONS

## Procedure for declaring dividends

- 67.** (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with members' respective rights.
- (4) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

## **68.** Calculation of dividends

- (1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be—
- (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
- (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- (3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

## Payment of dividends and other distributions

- 69.** (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

- (a) transfer to a bank account specified by the distribution recipient either in writing or as the directors may otherwise decide,
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide,
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share, or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

Deductions from distributions in respect of sums owed to the company

- 70.** (1) If—
- (a) a share is subject to the company's lien, and
  - (b) the directors are entitled to issue a lien enforcement notice in respect of it,
- they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice.
- (2) Money so deducted must be used to pay any of the sums payable in respect of that share.
- (3) The company must notify the distribution recipient in writing of—
- (a) the fact and amount of any such deduction,
  - (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction, and
  - (c) how the money deducted has been applied.



### No interest on distributions

- 71.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued, or
  - (b) the provisions of another agreement between the holder of that share and the company.

### Unclaimed distributions

- 72.** (1) All dividends or other sums which are—
- (a) payable in respect of shares, and
  - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the directors for the benefit of the company until claimed.
- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.
- (3) If—
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
  - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

### Non-cash distributions

- 73.** (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the company which are issued as a non-cash distribution in respect of them must be uncertificated.
- (3) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets,
  - (b) paying cash to any distribution recipient on the basis of that value in

order to adjust the rights of recipients, and

- (c) vesting any assets in trustees.

#### Waiver of distributions

**74.** Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

### CAPITALISATION OF PROFITS

#### Authority to capitalise and appropriation of capitalised sums

**75.** (1) Subject to the articles and the Governance Regulations, the directors may, if they are so authorised by a resolution of the members—

- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's capital redemption reserve, and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied—

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of an issue price equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied—

- (a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled, or

- (b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (5) Subject to the articles the directors may—
- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,
  - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and
  - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## PART 5

### MISCELLANEOUS PROVISIONS

#### COMMUNICATIONS

Means of communication to be used

- 76.** (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Regulations provides for documents or information which are authorised or required by any provision of the Companies Regulations to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Failure to notify contact details

- 77.** (1) If—
- (a) the company sends two consecutive documents to a member over a period of at least 12 months, and
  - (b) each of those documents is returned undelivered, or the company receives notification that it has not been delivered,

that member ceases to be entitled to receive notices from the company.

- (2) A member who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company—
  - (a) a new address to be recorded in the register of members, or
  - (b) if the member has agreed that the company should use a means of communication other than sending things to such an address, the information that the company needs to use that means of communication effectively.

## ADMINISTRATIVE ARRANGEMENTS

### Company seals

- 78.**
- (1) Any common seal may only be used by the authority of the directors.
  - (2) The directors may decide by what means and in what form any common seal or securities seal is to be used.
  - (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
  - (4) For the purposes of this article, an authorised person is—
    - (a) any director of the company,
    - (b) the company secretary, or
    - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
  - (5) If the company has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the directors.
  - (6) If the company has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary.
  - (7) For the purposes of the articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the directors in relation to that document or documents of a class to which it belongs.

### Destruction of documents

- 79.**
- (1) The company is entitled to destroy—

- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration,
  - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded,
  - (c) all share certificates which have been cancelled from one year after the date of the cancellation,
  - (d) all paid dividend warrants and cheques from one year after the date of actual payment, and
  - (e) all proxy notices from one year after the end of the meeting to which the proxy notice relates.
- (2) If the company destroys a document in good faith, in accordance with the articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the company that—
- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made,
  - (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered,
  - (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled, and
  - (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the company.
- (3) This article does not impose on the company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.
- (4) In this article, references to the destruction of any document include a reference to its being disposed of in any manner.

#### No right to inspect accounts and other records

- 80.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

#### Provision for employees on cessation of business

- 81.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director

or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

## DIRECTORS' INDEMNITY AND INSURANCE

### Indemnity

- 82.** (1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
  - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 222(6) of the Companies Regulations),
  - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Regulations or by any other provision of law.
- (3) In this article—
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
  - (b) a "relevant director" means any director or former director of the company or an associated company.

### Insurance

- 83.** (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
- (2) In this article—
- (a) a "relevant director" means any director or former director of the company or an associated company,
  - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
  - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

### **Annex 3 –Receiving Banks' Branches**

**First Abu Dhabi Bank PJSC – Participating Branches**

#	Branch name	Branch Type	Customer Timing (Monday -Saturday)	IPO Subscription Timings (Monday - Saturday)	Branch Address
S.No	Branch name	Branch Location-Area	Customer Timing	IPO Subscription Timings	Branch Address
1	Business Park, Abu Dhabi	Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Khalifa Park Al Qurm, PO BOX:6316
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
2	FAB One Tower, Abu Dhabi	Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Intersection of Shaikh Khalifa street and Baniyas street,PO BOX:2993
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
3	Khubeirah	Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Near Spinneys Khalidya Street Abu Dhabi
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
4	Al Batin	Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Street No. 9 Next to Bateen Bus Terminal and Al Bateen Mall; PO BOX:7644
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
5	Salam Street	Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Salam Street, Abu Dhabi
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	



			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
6	Al Ain New	Al Ain - Abu Dhabi	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Al Ain New PO BOX: 17822
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
7	Bur Dubai	Dubai	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Abdulla Al Rostamani Building, Khalid Bin Walid Road, Bur Dubai; PO BOX:115689
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
8	Sheikh Zayed Rd.	Dubai	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	ALQUZE NEXT TO GOLDEN DAIMOND PO BOX:52053
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
9	Deira Branch (ABS)	Dubai	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Abu Baker Al Siddique Rd, Deira
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
10	Jabal Ali Branch	Dubai	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Near Gate No.5, Adjacent to Dubai Chamber Office
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
11	Sharjah	Sharjah	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	

			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	Al Reem Plaza, Ground floor Buheira Corniche, Sharjah;PO BOX:1109
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
12	Ajman	Ajman	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Lulu Center, Al Ittihad street, Downtown, Ajman
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
13	Fujairah	Fujairah	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Opposite to Plaza Theatre Hamdan Bin Abdulla street;PO BOX:79
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
14	RAK (LNBAD)	Ras Al Khaimah	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	FAB RAK (LNBAD) , Corniche Al Qawasim Road , Near to NMC Royal Medical Center, RAK
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	
15	Umm Al Quwain	Umm Al Quwain	08: am to 02:00 pm (Monday-Thursday);	8 am to 1 pm - Mon - Thurs.	Building No 211, King Faisal Road Al Maidan Area, Umm Al Quwain; Po BOX:733
			08:00 am to 12:30 pm (Friday)	08:00 am to 12:00 pm (Friday)	
			08: am to 02:00 pm (Saturday)	08: am to 01:00 pm (Saturday)	

**Dubai Islamic Bank – Participating Branches**

<b>S. No.</b>	<b>Branch Name</b>	<b>Branch Location - Area</b>	<b>Customer Timing</b>	<b>IPO Subs Timings</b>	<b>Branch Address</b>	<b>Contact No.</b>
1	Abu Dhabi Main Br.	Abu Dhabi	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Airport Road, Opposite to Etisalat Bldg, Abu Dhabi	04 - 6092222
2	Al Ain Main Br	Al Ain	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Khalifa Street, DIB Bldg., Al Ain	04 - 6092222
3	Dubai Main Br.	Dubai	Monday to Thursday & Saturday 08:00 AM - 2:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	DIB Head Office building, Al Maktoum Road , Near Clock Tower. Port Saeed , Dubai	04 - 6092222
4	Sheikh Zayed Road Br.	Dubai	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Grosvenor House Commercial Tower, Sheikh Zayed Road, Near Fairmont Hotel, Dubai	04 - 6092222
5	Umm Suqeim Br.	Dubai	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Abdalla Bin Fahd Villa, Jumeirah Street, Umm Suqeim 1, Dubai	04 - 6092222
6	Ras Al Khaimah Main Br.	RAK	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Al Nakeel Area - Al Muntasir Str - Dubai Islamic Bank Bldg.	04 - 6092222

7	Sharjah Main Br	Sharjah	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15 AM to 12:15 PM	King Abdul Aziz st. - Al Qasimia / Al Nud - Sharjah	04 - 6092222
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**Abu Dhabi Commercial Bank – Participating Branches**

#	Branch name	Branch Type	Branch Code	Branch Location-Area	Customer Timing (Friday )	IPO Subscription Timings (Monday to Thursday & Saturday)	IPO Subscription Timings (Friday )	Branch Address
1	Shahama Branch	Normal Branch	00153	Abu Dhabi	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Dubai Abu Dhabi Road, Near Bani Yas Coop , P.O.Box: 76122
2	Hazza Bin Zayed Stadium Branch	Normal Branch	00207	Abu Dhabi, Al Ain	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Hazza Bin Zayed Stadium, Al Ain
3	Zayed Town Branch	Normal Branch	00152	Abu Dhabi, Al Dhafra Region	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Zayed Town Main Street, Near Zayed Town Court, P.O.Box: 50013 Zayed Town
4	Al Riggah Branch	Normal Branch	00251	Dubai	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Al Riggah Road, Near Al Riggah Metro-Station, P.O.Box: 5550
5	Business Bay Branch	Normal Branch	00265	Dubai	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Business Bay, Al Khaleej Al Tejari, Dubai, Nearest landmark-Business bay metro station
6	Ajman Branch	Normal Branch	00321	Ajman	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Al Ittihad Street, Near Lulu centre, P.O.Box: 1843

7	Ras Al Khaimah Branch	Normal Branch	00341	Ras Al Khaimah	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Al Naeem Mall, New central business district, P.O.Box: 1633
8	Fujairah Branch	Normal Branch	00331	Fujairah	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Hamed Bin Abdulla Street, Near ADNOC P.O.Box: 770 Fujairah
9	Ruwais Branch	Normal Branch	00154	Abu Dhabi, Al Dhafra Region	08:00 AM - 12:00 PM	08:00 AM - 03:00 PM Monday to Thursday & Saturday	08:00 AM - 12:00 PM	Ruwais Housing Complex Sh. Zayed Road, Near Etisalat Office P.O.Box: 11851 Ruwais
10	Al Zahiya City Centre Branch	Mall Branch	00302	Sharjah	03:00 PM - 09:00 PM	10:00 AM - 03:00 PM Monday to Thursday & Saturday	No IPO Subscription on Friday	Sheikh Mohammed Bin Zayed Street, Al Zahiya City Centre, Ground level, near Entrance A, P.O.Box: 23657
11	Reem Mall Branch	Mall Branch	00166	Abu Dhabi	03:00 PM - 09:00 PM	10:00 AM - 03:00 PM Monday to Thursday & Saturday	No IPO Subscription on Friday	Ground level, Al Reem Island, Abu Dhabi. P.O.Box: 939 Abu Dhabi

**Emirates NBD PJSC – Participating Branches**

S.No.	EMIRATES	BRANCH	Location	Working Hours	IPO Working Hours	Contact
1	Dubai	Deira Branch	Ground Floor, new Emirates NBD Building at Abra Rd, Deira, Dubai	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM - 12:00 PM)	(8:00 AM - 11:00 AM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
2	Dubai	Jumeirah Branch	Emirates NBD Building, Al Wasl Rd Intersection, Umm Suquiem 3, Jumeirah, Dubai	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM – 3:00 PM)	(8:00 AM - 11:00 AM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
3	Dubai	Al Qusais Branch	Damascus St, Near Dubai Grand Hotel, Al Qusais, Dubai	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM - 12:00 PM)	(8:00 AM - 11:00 PM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
4	Abu Dhabi	Abu Dhabi Main Branch	Ground Floor, Al Neem Building, Shaikh Khalifa street , Abu Dhabi	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 2:00 PM)	
				Friday	Friday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 12:00 PM)	
5	Abu Dhabi			Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)

		Al Muroor Branch	New Airport Road, Muroor, Abu Dhabi	(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM - 12:00 PM)	(8:00 AM - 11:00 AM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
6	Al Ain	Al Ain Main Branch	Sheikh Khalifa Bin Zayed St, (in front of Burjeel Hospital), Al Ain	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM - 12:00 PM)	(8:00 AM - 11:00 AM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
7	Ajman	Ajman Branch	Emirates NBD Building, Sheikh Rashid Bin Humaid St, Al Sawan, Ajman	Monday to Thursday	Monday to Thursday	800 ENBD IPO (800 3623 476)
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	
				Friday	Friday	
				(8:00 AM - 12:00 PM)	(8:00 AM - 11:00 AM)	
				Saturday	Saturday	
				(8:00 AM - 3:00 PM)	(8:00 AM - 1:00 PM)	



**Emirates Islamic Bank - Participating Branches**

<b>S.No</b>	<b>Branch name</b>	<b>Branch Location- Area</b>	<b>Customer Timing</b>	<b>IPO Subscription Timings</b>	<b>Branch Address</b>
1	Healthcare City Branch	Dubai	Monday to Thursday (8am - 4pm) Friday (8 - 12.30pm & 2pm - 4pm)	Monday to Thursday (8am - 1pm) Friday (8am - 11.30am)	Building 16, Dubai Health Care City
2	Nad Al Hamar	Deira	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Bel Remaitha Club Building, Show Rooms # S-8 & S-9, Nad Al Hamar Area, Al Rubat street
3	Halwan Branch	Sharjah & NE Region	Monday to Saturday (8am - 8pm) Friday (8am - 11.30am)	Monday to Saturday (8am - 1pm) Friday (8am - 10.30am)	Sheikh Isam Building, Wasit Street, Industrial Area, Halwaan, Sharjah
4	Ajman Kalifa Bin Zayed	Ajman	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Sara Plaza 2, Al Jurf 2 area - Shaikh Khalifa Bin Zayed St - Ajman
5	Ras Al Khaimah Branch	Ras Al Khaimah	Monday to Saturday (8am - 8pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Emirates Islamic Tower, Ground Floor, Al Muntaser Road - Al Nakheel Area
6	Fujairah Branch	Fujairah	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Near Choithram Supermarket, Sheikh Hamad Bin Abdulla Street
7	Main Branch Abu Dhabi	Abu Dhabi	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Khalidiyah Corniche Area, Wave Tower
8	Al Ain Main Branch	Al Ain	Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm)	Monday to Saturday (8am - 1pm) Friday (8am - 11.30am)	Al Ain, Al Murabaa Area, Othman Bin Affan Street, opposite to Al Ain Mall

## Annex 4 – Company’s Investments in the Subsidiaries<sup>2</sup> of the Company

Name	Percentage of Ownership	Country of Incorporation
Lulu Express Supermarket - Sole Proprietorship LLC	100%	UAE
Emirates General Market Co.- Sole Proprietorship LLC	100%	UAE
Lulu Express Fresh Supermarket – Sole Proprietorship LLC (formerly Emke Store Co. - Sole Proprietorship LLC)	100%	UAE
Gulf Star Commodities Co.- Sole Proprietorship LLC	100%	UAE
Lulu Logistics General Trading - Sole Proprietorship LLC	100%	UAE
Lulu Centre Sole - Proprietorship LLC	100%	UAE
Lulu Express Fresh Market Sole Proprietorship LLC	100%	UAE
Al Tayeb Distribution Sole Proprietorship LLC	100%	UAE
Al Tayeb Meat Sole Proprietorship LLC	100%	UAE
Lulu International Travel & Tourism LLC Sole Proprietorship	100%	UAE
Lulu Group – Sole Proprietorship LLC	100%	UAE
Huda Shipping International Sole Proprietorship LLC	100%	UAE
Emke Group Sole Proprietorship LLC	100%	UAE
Lulu Group International – Sole Proprietorship LLC	100%	UAE
Al Tayeb Food Industries Sole Proprietorship LLC (formerly Lulu Food Industries – Sole Proprietorship LLC)	100%	UAE
Lulu Hypermarket LLC, Dubai	100%	UAE
Al Tayeb International General Trading LLC, Dubai	100%	UAE
Lulu Supermarket LLC, Dubai	100%	UAE
Lulu Centre LLC, Dubai	100%	UAE
Lulu Shopping LLC	100%	UAE
Lulu Shopping Mall LLC	100%	UAE
Lulu Central Warehouse Single Owner LLC (Dubai)	100%	UAE
Lulu Logistics LLC, Dubai	100%	UAE
Lulu City Travels Single Owner LLC, Dubai	100%	UAE
Lulu International FZE, JAFZA	100%	UAE
Lulu Hypermarket LLC, Sharjah	100%	UAE
Lulu Hypermarket Sole Proprietorship LLC, Abu Dhabi	100%	UAE
Lulu Center LLC, Umm Al Quwain	100%	UAE
Lulu Hypermarket LLC (One Person) – (RAK)	100%	UAE
Lulu Center LLC (One Person) – (RAK)	100%	UAE
Lulu Express Trading – Sole Proprietorship LLC (Al Ain)	100%	UAE
Lulu 2 SPV Ltd	100%	UAE
Lulu 3 SPV Ltd	100%	UAE
Lulu 4 SPV Ltd	100%	UAE
Lulu 6 SPV Ltd	100%	UAE
Lulu BPO SPV Ltd	100%	UAE
Hamad Rashed SPV Ltd	100%	UAE
Hamad Rashed SPV 1 Ltd	100%	UAE
Oyoon Lulu Eyexpress Optical	100%	UAE
Hamad Rashed Co 1 SPV Ltd	100%	UAE
Mariam Ismaeil SPV Ltd	100%	UAE
Meshari Abdullah SPV Ltd	100%	UAE

<sup>2</sup> Subsidiaries are entities in which the Company holds at least 50% of its share capital.

Y International (Australia) Pty Ltd	100%	Australia
Y International Canada Inc.	100%	Canada
Y International Polska Sp Z.o.o.	100%	Poland
Lulu Centre International General Trading and Contracting Company W.L.L Kuwait	100%	Kuwait
Lulu Hypermarket General Trading & Contracting Co. W.L.L Kuwait	100%	Kuwait
Lulu Kuwait Hypermarket Centre Company W.L.L Kuwait	100%	Kuwait
Al Tayeb International Import & Export Company SPC	100%	Kuwait
Lulu Muscat Hypermarket LLC	100%	Oman
Al Tayeb Lislal Al Istalakiya and Business SPC	100%	Oman
Lulu Saudi Hypermarket (Single Shareholder) LLC	100%	Saudi Arabia
Al Shurouq Al Tayeb Trading Company (Single Person) LLC	100%	Saudi Arabia
Lulu Bahrain Hypermarket WLL	100%	Bahrain
Lulu Hypermarket Trading Company WLL*	100%	Qatar
Lulu Center Trading Company WLL*	100%	Qatar
Al Tayeb International Trading WLL*	100%	Qatar
Emmay Commodities Kenya Limited	100%	Kenya
Emmay Commodities SA Proprietary Limited	100%	South Africa
YMA Commodities Uganda Limited	100%	Uganda
E.K. Prima Exports Hong Kong Limited	100%	Hong Kong
Yiwu E.K.Prima Trading Limited Company	100%	China
Guangzhou EK Prima Trading Company	100%	China
YAS Exports Hong Kong Ltd	100%	Hong Kong
Y International Egypt (LLC)	100%	Egypt
Al Tayeb Import & Export General Trading (LLC)	100%	Egypt
May Exports (Malaysia) SDN. BHD.	100%	Malaysia
PT. Indo Agro International*	100%	Indonesia
PT YAS Exports International	100%	Indonesia
May Exports (Thailand) Co. Ltd	100%	Thailand
EMKE Exports (Thailand) Co. Ltd	100%	Thailand
May Exports Phil. Inc.	99.99%	Philippines
Y International España	100%	Spain
May Exports (Vietnam) Company Limited	100%	Vietnam
Y International (UK) Limited	100%	United Kingdom
Y International USA, Inc.	100%	United States
Yas Lanka (Private) Limited	100%	Sri Lanka
YMA Ithalat Ve Ihracat Limited Sirketi	100%	Turkey
Mantle Solutions Private Limited	100%	India
Y International Italia S.R.L	100%	Italy
Al Tayeb Fresh Market Sole Proprietorship LLC, Abu Dhabi	100%	UAE
Lulu Hypermarket – Sole Proprietorship L.L.C, Fujairah	100%	UAE
Al Tayeb Holding Company LLC Sole Proprietorship LLC	100%	UAE
Lulu Group International Limited	100%	UAE
Lulu Six SPV Regional Headquarters Company (one person)	100%	KSA

# Annex 5 – Company’s Organization Chart

