

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1 /1)

TO THE SHAREHOLDERS OF PAN GULF MARKETING COMPANY
A LISTED JOINT STOCK COMPANY

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of Pan Gulf Marketing Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025 and the related interim consolidated statement of profit and loss and other comprehensive income, interim consolidated statement of changes in equity and cashflows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

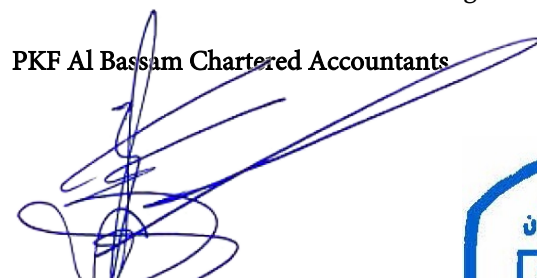
SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PKF Al Bassam Chartered Accountants



Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337
Riyadh, Kingdom of Saudi Arabia
20 Safar 1447H
Corresponding to: 14 August 2025



PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment		3,897,757	4,432,050
Right-of-use assets		19,025,599	14,592,831
Intangible assets		1,735,854	1,982,522
Deferred tax asset		618,087	620,020
Total non-current assets		25,277,297	21,627,423
Current assets			
Inventories	5	191,395,901	172,216,737
Trade receivables	6	121,281,584	120,182,433
Prepayments and other assets		21,464,666	15,761,737
Due from related parties		398,531	-
Cash and bank balances	8	6,467,508	4,652,251
Total current assets		341,008,190	312,813,158
TOTAL ASSETS		366,285,487	334,440,581
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	75,000,000	75,000,000
Retained earnings		4,714,094	10,688,657
Actuarial reserve		3,387,288	3,387,288
Foreign exchange translation reserve		(2,627,301)	(3,633,860)
TOTAL EQUITY		80,474,081	85,442,085
LIABILITIES			
Non-current liabilities			
Employees' post-employment benefits		26,934,513	25,904,980
Lease liabilities		11,747,640	9,364,341
Total non-current liabilities		38,682,153	35,269,321
Current liabilities			
Short-term borrowings	10	131,784,511	116,169,012
Trade payables		82,760,786	72,837,289
Other payables and accruals		11,967,162	11,968,177
Contract liabilities		549,828	505,675
Dividend payable	14	7,500,000	-
Due to related parties		-	2,213,687
Lease liabilities – current portion		7,833,362	5,442,921
Provision for zakat and income tax	11	4,733,604	4,592,414
Total current liabilities		247,129,253	213,729,175
TOTAL LIABILITIES		285,811,406	248,998,496
TOTAL EQUITY AND LIABILITIES		366,285,487	334,440,581
Contingencies and commitments	12		

The accompanying notes 1 to 20 form part of these interim condensed consolidated financial statements.

Chief Financial Officer
Nawaf Mishari Alwallan

Chief executive officer
Khaled Abdulaziz Al-Babtain

Chairman of Board of Directors
Abdullah Ahmed Al-Manea

PAN GULF MARKETING COMPANY

(A Listed Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

(All amounts in Saudi Riyals unless otherwise stated)

		For the six-month period ended 30 June	
		2025	2024
	Note	(Unaudited)	(Unaudited)
Revenue		159,628,085	169,184,883
Cost of sales		(116,014,154)	(124,618,235)
Gross Profit		43,613,931	44,566,648
Selling and distribution expenses		(23,334,466)	(22,379,574)
General and administrative expenses		(11,395,404)	(12,185,713)
Impairment of trade receivables		(389,922)	(342,491)
Other income		113,229	119,348
Operating profit		8,607,368	9,778,218
Finance cost	13	(5,186,246)	(6,799,671)
Profit before zakat and income tax		3,421,122	2,978,547
Zakat		(900,000)	(900,000)
Income tax		(995,685)	(334,294)
Net profit for the period		1,525,437	1,744,253
<u>Other comprehensive (loss) / income</u>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences on translation of foreign operations		1,006,559	(140,502)
Total comprehensive income for the period		2,531,996	1,603,751
Basic and diluted loss per share		0.20	0.23

The accompanying notes 1 to 20 form part of these interim condensed consolidated financial statements.



Chief Financial Officer
Nawaf Mishari Alwallan



Chief executive officer
Khaled Abdulaziz Al-Babtain



Chairman of Board of Directors
Abdullah Ahmed Al-Manea

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

For the six-month period ended
30 June 2024

	Note	Share capital	Actuarial reserve	Retained earnings	Foreign exchange translation reserve	Total equity
Balance as at 1 January 2024 - Audited		50,000,000	1,941,551	25,095,986	(1,899,835)	75,137,702
Net profit for the period		-	-	1,744,253	-	1,744,253
Other comprehensive income for the period		-	-	-	(140,502)	(140,502)
Total comprehensive income for the period		-	-	1,744,253	(140,502)	1,603,751
Dividend – Issuance of bonus shares	9	25,000,000	-	(25,000,000)	-	-
Balance as at 30 June 2024 - (Unaudited)		75,000,000	1,941,551	1,840,239	(2,040,337)	76,741,453

For the six-month period ended
30 June 2025

	Note	Share capital	Actuarial reserve	Retained earnings	Foreign exchange translation reserve	Total equity
Balance as at 1 January 2025 - Audited		75,000,000	3,387,288	10,688,657	(3,633,860)	85,442,085
Net profit for the period		-	-	1,525,437	-	1,525,437
Other comprehensive income for the period		-	-	-	1,006,559	1,006,559
Total comprehensive income for the period		-	-	1,525,437	1,006,559	2,531,996
Dividend – Cash	14	-	-	(7,500,000)	-	(7,500,000)
Balance as at 30 June 2025 - (Unaudited)		75,000,000	3,387,288	4,714,094	(2,627,301)	80,474,081

The accompanying notes 1 to 20 form part of these interim condensed consolidated financial statements

Chief Financial Officer
Nawaf Mishari Alwallan

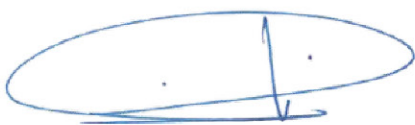
Chief executive officer
Khaled Abdulaziz Al-Babtain

Chairman of Board of Directors
Abdullah Ahmed Al-Manea

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before zakat and income tax		3,421,122	2,978,547
Adjustments for:			
Finance cost	13	5,186,246	6,799,671
Depreciation of right-of-use assets		4,173,691	4,524,660
Provision for employees' post-employment benefits		1,345,023	1,457,784
Depreciation of property and equipment		709,832	671,024
Impairment of trade receivables	6.1	389,922	246,809
Amortization of intangible assets		246,663	271,660
Provision for impairment of inventory	5.1	231,772	205,220
Gain on lease termination		(59,351)	-
		15,644,920	17,155,375
(Increase) / decrease in operating assets			
Inventories		(19,410,934)	4,842,548
Trade receivables		(1,489,073)	(5,240,236)
Prepayments and other assets		(5,702,929)	(5,065,222)
(Increase) / decrease in operating liabilities			
Trade payables		9,923,497	14,812,978
Accrued expenses and other liabilities		(1,015)	(6,547,403)
Contract liabilities		44,153	781,279
Due to related parties		(2,612,218)	-
Cash (used in) / generated from operating activities		(3,603,599)	20,739,319
Zakat and income tax paid	11	(1,752,561)	(514,725)
Employees' post-employment benefits paid		(315,490)	(396,074)
Net cash (used in) / generated from operating activities		(5,671,650)	19,828,520
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(175,537)	(568,352)
Purchase of intangible assets		-	(8,078)
Net cash used in investing activities		(175,537)	(576,430)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of short-term borrowings	10	(144,209,061)	(171,987,818)
Proceeds from short-term borrowings	10	160,087,725	160,592,776
Finance cost paid		(5,449,411)	(6,219,605)
Lease liabilities paid		(3,773,368)	(4,655,431)
Net cash generated from financing activities		6,655,885	(22,270,078)
Net change in cash and cash equivalents during the period		808,698	(3,017,988)
Cash and cash equivalents at the beginning of the period		4,652,251	10,253,515
Foreign currency differences		1,006,559	(140,502)
Cash and cash equivalents at the end of the period		6,467,508	7,095,025

The accompanying notes 1 to 20 form part of these interim condensed consolidated financial statements.



Chief Financial Officer
Nawaf Mishari Alwallan



Chief executive officer
Khaled Abdulaziz Al-Babtain



Chairman of Board of Directors
Abdullah Ahmed Al-Manea

PAN GULF MARKETING COMPANY**(A Listed Joint Stock Company)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(All amounts in Saudi Riyals unless otherwise stated)****1. LEGAL STATUS AND OPERATIONS OF THE COMPANY AND SUBSIDIARY**

The Pan Gulf Marketing Company, a Listed Joint Stock Company (the “Company”), registered in the Kingdom of Saudi Arabia under Commercial Registration No.1010058018 and unified number 7001392815 dated 13 Jumada Al-Awwal 1405 H (corresponding to 3 February 1985).

On the date of 23 Shawwal, 1443 H (corresponding to 24 May 2022), the extraordinary general assembly of the company was held, and the shareholders decided to amend the company’s trade name from Al-Hoshan Pan Gulf to Pan Gulf Marketing Company. The company’s bylaws were amended on 25 Dhul-Hijjah 1443 AH (corresponding to 24 July 2022), and the commercial register was amended on 2 Muharram 1444 AH (corresponding to 31 July 2022).

On 12 Rabi’ al-Awwal 1445 H (corresponding to 27 September 2023), the Board of Directors of the Capital Market Authority issued its decision approving the company’s request to register its shares on the Tadawul market and offer 600,000 shares, which represent 12% of the company’s shares, on the Nomu - Parallel Market. The Company's shares were listed and started trading in the Saudi Exchange under the symbol 9593.

During the year 2023, the Company’s bylaws were amended to comply with the provisions of the Companies Law, which came into effect as of 1 January 2023, and on 23 Shaaban 1445H (corresponding to 4 March 2024), the Company’s bylaws and commercial registry were amended after the Company was listed on the Saudi Exchange.

The main activity of the Company is the repair of typewriters, the repair and maintenance of photocopiers, the repair and maintenance of electrically powered hand tools and devices, the repair and maintenance of multi-use consumer machines, the wholesale sale of non-wearable types of textiles and fabrics, the wholesale sale of clothing accessories such as: Gloves - Neckties - Trousers - Rosaries, Wholesale of Bags, Wholesale of Housewares and Material Accessories, Wholesale of Beauty Instruments, Wholesale of Office and Stationery, Wholesale of Wooden, Cork and Plastic Products, Wholesale of Leather Goods and Travel Accessories, Wholesale of Children's Toys Wholesale of packaging equipment and tools, wholesale of tools and hand tools such as: Screwdrivers - saws - hammers, wholesale of chemicals, wholesale of primary plastics, rubber and synthetic fibres, wholesale of teaching aids and equipment, retail of non-wearable textiles and fabrics such as curtains, retail of wood, cork and plastic products, retail of camping equipment, retail For travel and fishing supplies, retail sale of games and toys in specialized stores, retail sale of luxuries and clothing accessories, retail sale of bags, retail sale of packaging equipment and tools, retail sale of cleaning materials, sale of plastic materials and utensils, general stores that include a variety of goods.

The accompanying interim condensed consolidated financial statements include the group’s branches as follows:

Branch name	Commercial Registration No	Place of issue	Date
Jeddah	4030123613	Jeddah	13 Dhul-Qi’dah 1418H (corresponding to 11 March 1998)
Buraidah	1131014608	Buraidah	1 Jumada al-Akhirah 1420H (corresponding to 11 September 1999)
Khamis Mushait	5855024694	Khamis Mushait	4 Muharram 1425H (corresponding to 24 February 2004)
Dammam	2050116538	Dammam	12 Shawwal 1439H (corresponding to 26 June 2018)

PAN GULF MARKETING COMPANY**(A Listed Joint Stock Company)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(All amounts in Saudi Riyals unless otherwise stated)****1. LEGAL STATUS AND OPERATIONS OF THE COMPANY AND SUBSIDIARY (Continued)**

These interim condensed consolidated financial statements include the financial statements of Pan Gulf Marketing Company and the financial statements of subsidiaries that the company owns directly or indirectly (hereinafter referred to as the “Group”), and their statement is as follows:

Subsidiary company	Country of incorporation	Legal form	Basic activity	<u>Ownership</u>	
				30 June 2025	31 December 2024
Pan Gulf MGT Trading LLC	United Arab Emirates	A limited liability company	Trade in stationery, writing and drawing tools, educational aids and models, bags, and travel supplies	%100	%100
Pan Gulf Wholesale and Retail Trade	Kuwait	A limited liability company	Stationery, office supplies, photographic devices, and equipment	%100	%100
Pan Gulf Marketing LLC	Bahrain	A limited liability company	Trade in selling carpets, rugs, floor and wall coverings, household items, handicrafts, stationery, and tools.	%100	%100
Pan Gulf Marketing S.P.C	Oman	A limited liability company	Retail sale in specialized stores of various household tools and utensils	%100	%100
Pan Gulf Marketing	Qatar	Individual Foundation	Trade in household appliances, adhesives, stationery, office and writing materials, and glue and glue trade	%100	%100
Clips Limited	Kenya	A limited liability company	Importing goods and trading and retailing printing and stationery materials and equipment	%100	%100
Clips Naf Limited	Morocco	A limited liability company	Importing goods and trading and retailing printing and stationery materials and equipment	%100	%100

2. BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Financial statements for the year ended 31 December 2024.

These interim condensed consolidated financial statements do not include all of the information required for a complete set of Financial Statements. However, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Financial Statement.

The results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

2.2. Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost basis.

2.3. Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals (SAR) which is the Group's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

2.4. Significant accounting judgements, estimates and assumptions

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 described in the last annual financial statements

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the latest annual financial statements for the year ended 31 December 2024.

PAN GULF MARKETING COMPANY**(A Listed Joint Stock Company)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(All amounts in Saudi Riyals unless otherwise stated)****4. NEW AMENDED STANDARDS AND INTERPRETATIONS**

4.1. A number of new amendments to standards enlisted below, are effective this year but they do not have a material effect on the Group's interim condensed consolidated financial statements:

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment
IAS 21	Lack of Exchangeability	1 January 2025	<p>The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.</p> <p>The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.</p>

4.2. The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.</p> <p>A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces financial statements available for public use that comply with IFRS Accounting Standards.</p>

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

4. NEW AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

4.2. The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	<p>These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.</p> <p>They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.</p>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	<p>IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.</p> <p>Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.</p> <p>IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.</p>

Management anticipates that this amendment will be adopted in the Group's financial statements as and when it is applicable and adoption of this amendments may have no material impact on the financial statements of the Company in the period of initial application.

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. INVENTORIES

	Note	30 June, 2025 (Unaudited)	31 December, 2024 (Audited)
Finished goods		200,035,831	170,986,008
Goods on transit		3,477,320	13,575,593
		203,513,151	184,561,601
Less: Allowance for slow-moving inventory	5.1	(12,117,250)	(12,344,864)
		191,395,901	172,216,737

5.1 Movement in allowance for slow-moving inventory:

	For the six-month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	12,344,864	11,778,649
Charged for the period/year	231,772	776,724
Reversal during the period/year	(153,827)	(47,425)
Write off during the period/year	(313,065)	-
Foreign exchange differences	7,506	(163,084)
Balance at the end of the period/year	12,117,250	12,344,864

6. TRADE RECEIVABLES

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Trade Receivables		131,018,055	129,539,891
Less: Impairment of trade receivables	6.1	(9,736,471)	(9,357,458)
		121,281,584	120,182,433

6.1 Movement in allowance for expected credit losses:

	For the six-month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period/year	9,357,458	9,146,351
Impairment during the period/year	412,238	321,728
Reversals during the period/year	(22,316)	(94,394)
Foreign exchange differences	(10,909)	(16,227)
Balance at the end of the period/year	9,736,471	9,357,458

6.2 The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

PAN GULF MARKETING COMPANY
(A Listed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless otherwise stated)

7. RELATED PARTIES' TRANSACTIONS AND BALANCES

The Group's related parties consist of key management personnel and associated companies that are controlled or significantly influenced by the partner.

Key management personnel are those persons, including the Board of Directors members, the Managing Director, and top executives, having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

The transactions with related parties represent the salaries, bonuses, and allowances of the members of the Board of Directors, the committees, and the executive management that took place during the period between the Group and the members of the Board of Directors, the members of the committees, and the executive management. The most important transactions with related parties are as follows:

7.1. Transactions during the Period

Name of Related Party	Nature of Relationship	Nature of transactions	For the six-month period ended	
			30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Al Hoshan Holding Company	Parent company	Services received by the company	(1,310,379)	1,021,417
		Paid during the period	(1,301,839)	(1,021,417)
Asas Pan Gulf Real Estate Investment Company	Affiliate	Services provided by the company	710,963	720,529
		Rentals	800,000	612,500
		Paid during the period	(1,510,963)	(1,333,029)
Key management personnel	Board members	Board remuneration	287,000	242,000
		Payment to the board	-	-
		Salaries, wages, and other allowances paid during the period	815,707	1,142,376
	Key executive employees	Employees' post-employment benefits	22,270	37,451

7.2. Balance as at the period end

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<i>Financial liabilities at amortized cost - unsecured</i>		
Due to Related parties		
Al Hoshan Holding Company	-	2,213,687
	-	2,213,687
Due from Related parties		
Al Hoshan Holding Company	398,531	-
	398,531	-
Key Management Personnel	-	-
Board remuneration	287,000	574,000
Key executive employees	1,094,578	1,072,310

8. CASH AND BANK BALANCES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<i>Financial Asset at Amortized Cost - secured</i>		
Cash in hand	416,723	352,065
Cash at banks	6,050,785	4,300,186
	6,467,508	4,652,251

8.1 Cash is deposited with financial institutions that have a good credit rating and are considered to have low credit risk.

PAN GULF MARKETING COMPANY**(A Listed Joint Stock Company)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(All amounts in Saudi Riyals unless otherwise stated)****9. SHARE CAPITAL**

The Company's capital as at the financial position date is 75,000,000 Saudi riyals, divided into 7,500,000 shares, and the value of each share is 10 Saudi riyals.

On 19th of Dhul-Hijjah 1445H (corresponding to 25 June 2024), the Capital Market Authority issued its decision to approve the request of Pan Gulf Marketing Company to increase its capital from SR 50 million to SR 75 million by granting one bonus share for every two existing shares held by shareholders registered in the issuer's shareholder registry at the depository center as of the second trading day following the entitlement date. The Extraordinary General Assembly, in its meeting held on 20 Dhul-Hijjah 1445H (corresponding to 26 June 2024), approved the Board of Directors' recommendation to increase the company's capital. The legal formalities related to the increase were completed during the year ended 31 December 2024.

10. SHORT TERM BORROWINGS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
<i>Financial Liabilities at Amortized Cost - Secured</i>		
Islamic financial facilities:		
- Tawarruq	129,402,563	113,523,899
- Finance cost payable	2,381,948	2,645,113
	131,784,511	116,169,012

10.1 Movement in short term borrowing:

	For the six-month period ended 30 June 2025	For the year ended 31 December 2024
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	116,169,012	156,724,496
Proceeds during the period / year	160,087,726	299,694,674
Repayments during the period/year	(144,209,062)	(339,948,592)
Finance cost paid during the period / year	(4,914,710)	(12,686,181)
Interest charged during the period/year	4,651,545	12,384,615
Balance at the end of the period/year	131,784,511	116,169,012

10.2 All existing banking facility agreements have been agreed with local banks and are in compliance with the provisions of Islamic Sharia. The total facilities provided by local banks amounted to SR 362 million (31 December 2024: SR 362 million). The group had unused facilities worth SR 219 million (31 December 2024: SR 230 million). All bank facilities are registered in the company's name and are used by the group's subsidiaries. These facilities are subject to interest according to the prevailing market rates.

10.3 These bank facilities are guaranteed against fines and performance guarantees, and promissory notes by Fahad bin Ahmed bin Hamad Al-Hoshan, corporate guarantees from Messrs. Al-Hoshan Holding Company, Asas Pan Gulf Real Estate Investment Company, and Al-Hoshan Commercial Investment Company.

10.4 The facility agreements include covenants that, among other things, require the Company to maintain certain financial ratios. As of 30 June 2025, the Company was not in compliance with certain financial covenants stipulated in its facility agreement. However, the borrowing is already classified as a current liability, as it is due for settlement within the next twelve months. Management expects the covenants to be in compliance by the end of the fiscal year. The bank has confirmed that the breach of these covenants will not affect the ongoing availability of the facility, as covenant compliance is assessed solely at year-end.

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11. PROVISION FOR ZAKAT AND INCOME TAX

11.1 The movement in the provision for zakat is as follows:

	For the six-month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period/year	2,750,000	-
Charge during the period/year	900,000	2,750,000
Payments during the period/year	(460,326)	-
Foreign currency exchange differences	-	-
Balance at the end of the period/year	3,189,674	2,750,000

11.2. Status of Assessment

In 2023, the Group recognized its share of zakat in accordance with the unified zakat assessment for the parent group and Al-Hoshan Holding Group and obtained a valid certificate from the authority, effective until 2 Dhul-Qi'dah 1446H (corresponding to 30 April 2025). As of the date of approval of the interim condensed consolidated financial statements, no outstanding zakat assessments exist. In the financial year 2024, the Group separated its Zakat obligations from Al-Hoshan Holding Group and submit a unified zakat declaration for the year ended 31 December 2024, covering the Group and its 100%-owned subsidiaries located outside the Kingdom of Saudi Arabia and obtained a valid certificate from the authority, effective until 30 April 2026.

11.3 In accordance with an agreement with the Zakat, Tax and Customs Authority (ZATCA), the Company will settle the Zakat liability for the year ended 31 December 2024 in six equal monthly instalments, starting from June 2025 and concluding in November 2025.

11.3 The movement in the provision for income tax is as follows:

	For the six-month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period/year	1,842,414	572,819
Charge during the period/year	697,052	2,955,258
Payments during the period/year	(1,368,233)	1,676,340
Prior year charge	298,633	-
Foreign currency exchange differences	74,064	(9,323)
Balance at the end of the period/year	1,543,930	1,842,414

As of the date of approval of the interim condensed consolidated financial statements, no outstanding tax assessments exist against the Group.

12. CONTINGENCIES AND COMMITMENTS

Contingent liabilities are letters of credit and letters of guarantee issued by commercial banks on behalf of the Group and are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Letters of credit	30,621,655	28,087,700
Letters of guarantee	8,214,354	7,917,241
	38,836,009	36,004,941

The Group has no capital commitments as of 30 June 2025 and 31 December 2024.

PAN GULF MARKETING COMPANY**(A Listed Joint Stock Company)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(All amounts in Saudi Riyals unless otherwise stated)****13. FINANCE COST**

	For the six-month period ended 30 June 2025 (Unaudited)	For the six-month period ended 30 June 2024 (Unaudited)
Islamic financial facilities		
- Tawarruq	4,651,548	6,334,869
Finance cost of lease liabilities	534,698	464,802
	<u>5,186,246</u>	<u>6,799,671</u>

14. DIVIDENDS

On 19 Dhul-Hijjah 1446 H (corresponding to 15 June 2025), the company's shareholders decided to distribute dividends which amounted to 7,500,000 Saudi Riyals at a value of 1 Saudi riyal per share for the year 2024.

15. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted share of income is calculated by dividing the income for the year attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding at the end of 30 June 2025, which amounted to 7,500,000 shares (30 June 2024: 7,500,000 shares).

	For the six-month period ended 30 June 2025 (Unaudited)	For the six- month period ended 30 June 2024 (Unaudited)
Net profit for the period	1,525,499	1,744,253
Weighted average number of shares outstanding during the period	7,500,000	7,500,000
Earnings per share (SAR)	<u>0.20</u>	<u>0.23</u>
-Basic	<u>0.20</u>	<u>0.23</u>
-Diluted	<u>0.20</u>	<u>0.23</u>

No potential dilutive shares were outstanding at any time during the period ended 30 June 2025 and the period ended 30 June 2024.

16. SEGMENT INFORMATION

The main activity of the Company and its subsidiaries consists of importing, exporting, and wholesale and retail trade in hardware, materials, office and school furniture, and their supplies. Therefore, the group operates in one operational sector through a number of geographical sectors inside and outside the Kingdom of Saudi Arabia. Below is the information related to the geographical sectors, which is regularly submitted to Group operational decision makers:

For the six-month period ended 30 June 2025 - (Unaudited)**Geographic information**

	Kingdom of Saudi Arabia	United Arab Emirates	Kuwait	Other	Total
Revenue	59,045,934	45,203,983	17,620,365	37,757,803	159,628,085
Net profit (loss) for the period	(4,546,852)	3,116,002	1,054,429	1,901,858	1,525,437
Total assets	121,497,962	116,803,648	32,442,013	95,541,864	366,285,487
Total liabilities	195,009,449	58,203,969	7,454,070	25,143,918	285,811,406

For the year ended 31 December 2024 - (Audited)

	Kingdom of Saudi Arabia	United Arab Emirates	Kuwait	Other	Total
Total assets	114,076,306	113,180,768	32,863,932	74,319,575	334,440,581
Total liabilities	175,258,194	38,670,422	9,404,469	25,665,411	248,998,496

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	Kingdom of Saudi Arabia	United Arab Emirates	Kuwait	Other	Total
Revenue	64,437,895	46,359,830	19,823,558	38,563,600	169,184,883
Net profit (loss) for the period	(4,614,153)	2,921,197	1,349,829	2,087,380	1,744,253
Total assets	115,428,576	105,284,445	35,894,040	89,530,254	346,137,315
Total liabilities	193,979,429	48,588,234	6,802,974	20,025,225	269,395,862

For the year ended 31 December 2023 - (Audited)

	Kingdom of Saudi Arabia	United Arab Emirates	Kuwait	Other	Total
Total assets	114,228,357	99,920,464	40,429,327	92,055,563	346,633,711
Total liabilities	205,387,364	33,962,148	9,208,828	22,937,669	271,496,009

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

18. RECLASSIFICATION OF PRIOR PERIOD FIGURES

Certain comparative information has been reclassified to conform to the current period presentation.

19. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these interim consolidated condensed financial statements.

20. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 12 Safar 1447H (corresponding 06 August 2025) by the Audit Committee under the authorization of the Board of Directors of the Company.