

SAUDI COMPANY FOR HARDWARE SACO
AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim
Financial Statements (Unaudited)
together with the
Independent Auditor's Review Report
For the three-month and nine-month periods ended 30 September 2025

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements (unaudited)

Together with the independent auditor's review report

For the three-month and nine-month periods ended 30 September 2025

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KPMG Professional Services Company

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Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on the review of the condensed consolidated interim financial statements

To the Shareholders of Saudi Company for Hardware SACO

Introduction

We have reviewed the accompanying 30 September 2025 condensed consolidated interim financial statements of **Saudi Company for Hardware SACO** ("the Company") and its subsidiary ("the Group"), which comprises:

- The condensed consolidated interim statement of financial position as at 30 September 2025,
- The condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2025,
- The condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2025,
- The condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2025, and
- The notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

Independent auditor's report on the review of the condensed consolidated interim financial statements (continued)

To the Shareholders of Saudi Company for Hardware SACO

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2025 condensed consolidated interim financial statements of Saudi Company for Hardware SACO and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services Company



Dr. Abdullah Hamad Al Fozan

License No 348

Date: 13 Jumada Al-Awwal 1447 H
Corresponding to: 4 November 2025



SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2025

(All amounts are in Saudi Riyals unless otherwise stated)

| | | 30 September 2025 | 31 December 2024 |
|--|------|----------------------|----------------------|
| | Note | (Unaudited) | (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Right of use assets | 5 | 210,415,570 | 250,450,693 |
| Property and equipment | 6 | 189,680,038 | 208,217,238 |
| Investment property | 7 | - | 94,259,483 |
| Intangible assets and goodwill | 8 | 52,756,404 | 65,800,222 |
| Total non-current assets | | 452,852,012 | 618,727,636 |
| Current assets | | | |
| Inventories | 9 | 566,613,249 | 548,838,108 |
| Accounts receivable | 10 | 31,464,380 | 40,321,915 |
| Prepayments and other receivables | 11 | 25,432,513 | 26,973,090 |
| Due from a related party | 19 | 965,051 | 965,051 |
| Investments at fair value through other comprehensive income held for sale | 20 | 8,671,163 | 8,889,559 |
| Cash and cash equivalents | | 19,567,324 | 8,145,817 |
| Total current assets | | 652,713,680 | 634,133,540 |
| Total assets | | 1,105,565,692 | 1,252,861,176 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 1 | 360,000,000 | 360,000,000 |
| Treasury shares | 1 | (4,650,375) | (4,650,375) |
| Statutory reserve | 1 | - | - |
| Retained earnings / (accumulated losses) | | 19,831,254 | (29,684,735) |
| Fair value reserve | | 410,711 | 629,107 |
| Total Equity | | 375,591,590 | 326,293,997 |
| Non-current liabilities | | | |
| Borrowings | 12 | - | 5,000,000 |
| Employees' end of service benefit obligation | | 39,031,532 | 37,410,669 |
| Lease liabilities | 13 | 216,137,650 | 256,761,516 |
| Total non-current liabilities | | 255,169,182 | 299,172,185 |
| Current liabilities | | | |
| Short term borrowings | 12 | - | 123,153,130 |
| Current portion of long-term borrowings | 12 | - | 20,000,000 |
| Accounts and notes payable | | 268,618,672 | 252,590,037 |
| Lease liabilities | 13 | 64,459,899 | 68,131,990 |
| Accrued expenses and other liabilities | 15 | 134,290,399 | 154,863,018 |
| Zakat payable | 14 | 7,212,367 | 8,433,236 |
| Dividends payable | | 223,583 | 223,583 |
| Total current liabilities | | 474,804,920 | 627,394,994 |
| Total liabilities | | 729,974,102 | 926,567,179 |
| Total equity and liabilities | | 1,105,565,692 | 1,252,861,176 |


Chief Financial Officer


Chief Executive Officer


Chairman of Board of Directors

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY

(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income (unaudited)

For the three-month and nine-month periods ended 30 September 2025

(All amounts are in Saudi Riyals unless otherwise stated)

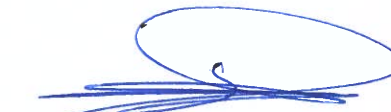
| | Note | For the three-month period ended 30 September | | For the nine-month period ended 30 September | |
|---|------|--|--------------------|---|---------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Revenue | 21 | 261,412,666 | 245,445,405 | 776,103,693 | 714,559,649 |
| Cost of revenue | | (226,248,323) | (212,385,776) | (661,923,686) | (616,775,446) |
| Gross profit | | 35,164,343 | 33,059,629 | 114,180,007 | 97,784,203 |
| Selling and marketing expenses | | (9,116,325) | (7,578,455) | (24,363,499) | (21,196,609) |
| General and administrative expenses | | (27,618,497) | (29,557,202) | (79,387,007) | (85,074,973) |
| Expected credit (losses) / reversal | 10 | (17,258) | (279,346) | 249,146 | (883,298) |
| Other income | | 3,934,137 | 3,990,062 | 16,411,609 | 14,875,706 |
| Operating income / (loss) | | 2,346,400 | (365,312) | 27,090,256 | 5,505,029 |
| Gain on sale of investment property, net | 7 | 42,220,856 | - | 42,220,856 | - |
| Finance cost | | (5,205,976) | (7,664,746) | (19,345,623) | (21,691,865) |
| Profit / (loss) before zakat | | 39,361,280 | (8,030,058) | 49,965,489 | (16,186,836) |
| Zakat | 14 | - | (951,020) | (449,500) | (1,327,352) |
| Profit / (loss) for the period | | 39,361,280 | (8,981,078) | 49,515,989 | (17,514,188) |
| <u>Other comprehensive income</u> | | | | | |
| <u>Items that will not be reclassified subsequently to profit or loss:</u> | | | | | |
| Re-measurement of employees' end of service benefit obligation | | - | - | - | 767,609 |
| Net changes in the fair value of investments carried at FVOCI | 20 | - | - | (218,396) | - |
| Total comprehensive income / (loss) for the period | | 39,361,280 | (8,981,078) | 49,297,593 | (16,746,579) |
| <u>Profit / (loss) per share (SAR)</u> | | | | | |
| Basic and diluted profit / loss per share attributable to the equity shareholders | 18 | 1.10 | (0.25) | 1.38 | (0.49) |
| Weighted average number of shares | 18 | 35,874,448 | 35,903,328 | 35,874,448 | 35,903,328 |



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY

(A Saudi joint stock company)

Condensed consolidated interim statement of changes in equity

For the nine-month period ended 30 September 2025

(All amounts are in Saudi Riyals unless otherwise stated)

| | Share capital | Treasury shares | Statutory reserve | (Accumulated losses) /Retained earnings | Fair value reserve | Total |
|--|--------------------|--------------------|----------------------|--|-----------------------|--------------------|
| Balance as at 1 January 2024 (audited) | 360,000,000 | (516,057) | 24,504,713 | (40,871,108) | 629,107 | 343,746,655 |
| Loss for the period | - | - | - | (17,514,188) | - | (17,514,188) |
| Other comprehensive income for the period | - | - | - | 767,609 | - | 767,609 |
| Total comprehensive loss | - | - | - | (16,746,579) | - | (16,746,579) |
| Transfer to accumulated losses (note 1) | - | - | (24,504,713) | 24,504,713 | - | - |
| Purchase of treasury shares | - | (4,134,318) | - | - | - | (4,134,318) |
| Balance as at 30 September 2024 (unaudited) | <u>360,000,000</u> | <u>(4,650,375)</u> | <u>-</u> | <u>(33,112,974)</u> | <u>629,107</u> | <u>322,865,758</u> |
| Balance as at 1 January 2025 (audited) | 360,000,000 | (4,650,375) | - | (29,684,735) | 629,107 | 326,293,997 |
| Profit for the period | - | - | - | 49,515,989 | - | 49,515,989 |
| Other comprehensive loss for the period | - | - | - | - | (218,396) | (218,396) |
| Total comprehensive income | - | - | - | 49,515,989 | (218,396) | 49,297,593 |
| Balance as at 30 September 2025 (unaudited) | <u>360,000,000</u> | <u>(4,650,375)</u> | <u>-</u> | <u>19,831,254</u> | <u>410,711</u> | <u>375,591,590</u> |



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY

(A Saudi joint stock company)

Condensed consolidated interim statement of cash flows (unaudited)

For the nine-month period ended 30 September 2025

(All amounts are in Saudi Riyals unless otherwise stated)

| | | For the nine-month period ended 30 September | |
|---|-------------|---|---------------------|
| | Note | 2025 | 2024 |
| Cash flows from operating activities | | | |
| Profit / (loss) before zakat | | 49,965,489 | (16,186,836) |
| Adjustments to reconcile profit / (loss) before zakat to net cash flows from operating activities: | | | |
| Depreciation of right-of-use assets | 5 | 40,425,766 | 39,129,179 |
| Depreciation and amortisation | 6,7&8 | 40,071,796 | 35,244,063 |
| (Gain) / loss on disposal of property and equipment, and intangible assets | | (599,524) | 272,415 |
| Gain from the sale of investment property | 7 | (47,411,523) | - |
| Provision / (reversal) for inventory write-down and inventory shortages | 9 | 5,863,208 | (4,177,740) |
| Loss on lease de-recognition | | 165,473 | - |
| Expected credit losses (reversals) / provided | 10 | (249,146) | 883,298 |
| Interest on lease liabilities | 13 | 12,892,659 | 14,591,988 |
| Interest on borrowings and bank charges | | 6,452,964 | 7,099,877 |
| Provision for employees end of service benefit obligation | | 5,856,470 | 6,810,110 |
| Changes in Working Capital: | | | |
| Inventories | | (23,638,349) | (142,236,646) |
| Prepayments and other receivables | | 1,540,577 | (7,705,512) |
| Accounts receivable | | 9,106,681 | 12,453,275 |
| Accounts and notes payable | | 16,028,635 | 81,966,499 |
| Accrued expenses and other liabilities | | (32,984,389) | 2,908,911 |
| Due from a related party | | - | 4,503,574 |
| Cash generated from operations | | 83,486,787 | 35,556,455 |
| Zakat paid | | (1,670,369) | (5,084,864) |
| Finance cost paid | | (7,021,762) | (6,581,920) |
| Interest on lease liabilities paid | 13 | (12,892,659) | (14,591,988) |
| Employees end of service benefit obligation paid | | (4,235,607) | (4,972,349) |
| Net cash flows from operating activities | | 57,666,390 | 4,325,334 |
| Cash flows from investing activities | | | |
| Purchase for property and equipment | 6 | (6,162,844) | (13,908,259) |
| Proceeds from disposal of property and equipment | | 779,263 | 267,692 |
| Proceeds from sale of investment property | 7 | 140,425,000 | - |
| Purchase for intangible assets | 8 | (1,261,667) | (4,025,573) |
| Net cash flows from / (used in) investing activities | | 133,779,752 | (17,666,140) |
| Cash flows from financing activities | | | |
| Change in short-term borrowings, net | | (123,153,130) | 71,692,147 |
| Repayments of long-term borrowings | | (25,000,000) | (15,000,000) |
| Principal amount of lease liabilities paid | 13 | (31,871,505) | (32,888,847) |
| Purchase of treasury shares | 1 | - | (4,134,318) |
| Net cash flows (used in) / from financing activities | | (180,024,635) | 19,668,982 |
| Net change in cash and cash equivalents | | 11,421,507 | 6,328,176 |
| Cash and cash equivalents at the beginning of the period | | 8,145,817 | 13,043,548 |
| Cash and cash equivalents at the end of the period | | 19,567,324 | 19,371,724 |
| Significant non-cash transactions: | | | |
| Right of use assets modification | 5 | 3,282,550 | - |
| Lease liabilities modification | 13 | (3,282,550) | - |
| Right of use assets addition | 5 | 2,497,384 | - |
| Lease de-recognition | 13 | (5,223,818) | - |
| Addition on investment property | 7 | - | 96,786,056 |
| Lease liabilities due not yet paid | 13,15 | (12,980,568) | (12,854,991) |


Chief Financial Officer


Chief Executive Officer


Chairman of Board of Directors

The attached notes from 1 to 24 are an integral part of these condensed consolidated interim financial statements.



SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (unaudited)
For the nine-month period ended 30 September 2025
(All amounts are in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Saudi Company for Hardware SACO (the "Company") is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia with Company unified number 70006511583, and commercial registration number 1010056595 issued in Riyadh on 26 Safar 1405H (corresponding to 19 November 1984). The Capital Market Authority (the "CMA") announced on 5 Jumada al-Alkhirah 1436H (corresponding to 25 March 2015) the CMA's board decision to approve the launch of 7,200,000 shares in the Company's initial public offering which represents 30% of the total shares of the Company's 24,000,000 shares. The Company's shares were listed in the Saudi Stock Market ("Tadawul") on 23 Rajab 1436H (corresponding to 12 May 2015).

As of 30 September 2025, the Company's share capital was SAR 360 million divided into 36 million shares of SAR 10 each (31 December 2024: SAR 360 million divided into 36 million shares of SAR 10 each).

In accordance with the Company's previous By-laws, the Company set aside 10% of its net income each year as a statutory reserve until such a reserve equals 30% of the share capital. This reserve is not available for dividend distribution. Further to the changes in the Companies Law effective January 2023, the Company in its extra-ordinary general assembly meeting held on 16 May 2024 amended its By-laws related to profit distribution, according to the existing statutory reserve balance as of 31 December 2023 amounting to SAR 24,504,713 was transferred to accumulated losses.

On 1 November 2023, the members of the Board of Directors approved the purchase of 350,000 of Company's shares with reference to the minutes of the extraordinary general assembly held on 14 June 2023, which included shareholders' approval to purchase 350,000 shares of Company's stock and retain them as treasury shares.

During the nine-month period ended 30 September 2025, the Company had outstanding 125,552 shares.

Movement in the treasury shares balance for the period / year is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---------------------------------------|--|---|
| At the beginning of the period / year | 4,650,375 | 516,057 |
| Purchased during the period / year | - | 4,134,318 |
| At the end of the period / year | 4,650,375 | 4,650,375 |

The Company is principally engaged in retailing and wholesaling of household and office supplies and appliances, construction tools and equipment, and electrical tools and hardware.

The registered address of the Company is P.O. Box 86387, Riyadh 11622, Kingdom of Saudi Arabia.

The accompanying condensed consolidated interim financial statements include the financial statements of the Company and its 32 leased stores (30 September 2024: 32 stores and 31 December 2024: 32 stores) located in various cities in the Kingdom of Saudi Arabia, one franchisee store located in Tabuk, and the following subsidiary:

| Subsidiary name | Country | Effective ownership percentage | | Activities |
|----------------------------------|-------------------------|---|-----------------------------|------------------------------|
| | | 30 September 2025 | 31 December 2024 | |
| Medscan Terminal Company Limited | Kingdom of Saudi Arabia | 100% | 100% | Transportation and logistics |

Medscan Terminal Company Limited (the "Subsidiary") is a single Shareholder limited liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2050006757 dated 6 Rabi' al-Awwal 1399H (corresponding to 3 February 1979) issued in Dammam. The address of the head office of the Subsidiary is P.O. 825, King Abdulaziz Sea Port, Dammam 31421, Kingdom of Saudi Arabia. The Subsidiary's main activities are Transportation of goods and other tasks, port handling services, trans-shipment services, warehouse management and maintenance, and customs clearance services.

2. BASICS OF PREPARATION

2.1 Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Consolidated Financial Statements for the year ended 31 December 2024 (the "last annual financial statements"). These do not include all the information normally required for a complete set of Consolidated 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 31 December 2024. The results shown in these interim condensed consolidated financial statements may not be indicative of the annual results of the Group's operations.

2.2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost convention and accrual basis of accounting, except for the following items included in the condensed consolidated interim statement of financial position:

- Investments carried at fair value through other comprehensive income are measured at fair value.
- The employees' end of service benefit obligation is measured at the present value of the future liability using the expected unit credit method.
- Lease liabilities are measured at the net present value of the lease payments.

2.3 Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and issuances endorsed by the Saudi Organization for Chartered and Professional Accountants requires management to use judgments and estimates that affect the application of accounting policies and the amounts listed 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 described in the last annual consolidated financial statements as of 31 December 2024.

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These condensed consolidated interim financial statements are presented in Saudi Riyal, which is the Group's functional and presentation currency. All amounts are in Saudi Riyal unless otherwise stated.

4. New standards, amendments to standards, and interpretations

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024, except for the application of the new standards effective as of 1 January 2025, which are explained in the Group's annual financial statements, which have no significant impact on the condensed consolidated interim financial statements of the Group.

The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (unaudited)
For the nine-month period ended 30 September 2025
(All amounts are in Saudi Riyals unless otherwise stated)

5. RIGHT OF USE ASSETS

The Group leases stores, resulting in right-of-use assets that qualify as leased assets under IFRS 16.

Lease terms typically extend up to 25 years, with some contracts including renewal options.

Lease payments are generally fixed, although some leases incorporate escalation clauses for rent increases.

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|---|
| Net book value at the beginning of the period / year | 250,450,693 | 248,984,885 |
| Lease modification (*) | 3,282,550 | 35,031,850 |
| Addition during the period / year | 2,497,384 | - |
| Lease re-assessment (**) | - | 19,013,993 |
| Lease de-recognition | (5,389,291) | - |
| Depreciation for the period / year | (40,425,766) | (52,580,035) |
| Net book value at the end of the period / year | <u>210,415,570</u> | <u>250,450,693</u> |

* During 2024, a number of lease contracts had been modified, changing the payment and extending the lease term, which resulted in a modification amount of SAR 35 million to right-of-use assets and an amount of to SAR 35 million to lease liability.

** During 2024, the Group's Real Estate Committee reassessed the renewal option for certain contracts. Accordingly, the Group's management has recalculated the right of use assets and the obligations for lease liabilities. This resulted in an increase in the right-of-use assets of SAR 19 million and an increase in the lease liabilities of SAR 19 million.

6. PROPERTY AND EQUIPMENT

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|---|
| Net book value at the beginning of the period / year | 208,217,238 | 324,015,551 |
| Additions during the period / year | 6,162,844 | 19,654,555 |
| Disposal during the period / year | (179,739) | (543,604) |
| Transfer to intangible assets | - | (4,063,588) |
| Depreciation for the period / year | (24,520,305) | (34,059,620) |
| Transfers to investment property (*) | - | (96,786,056) |
| Net book value at the end of the period / year | <u>189,680,038</u> | <u>208,217,238</u> |

* During 2024, certain assets were transferred to investment property, following a change in their intended use, from owner-operated assets to being held for rental income (see note 7).

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (unaudited)
For the nine-month period ended 30 September 2025
(All amounts are in Saudi Riyals unless otherwise stated)

7. INVESTMENT PROPERTY

The Group has an operating lease for its warehouse located in Riyadh, which was previously classified as property and equipment but was reclassified upon the change in use from owner-occupied assets to held for rental income.

Lease payments are generally fixed and non-cancellable for the duration of the lease term.

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| Net book value at the beginning of the period / year | 94,259,483 | - |
| Transfers from property and equipment (*) | - | 96,786,056 |
| Depreciation for the period / year | (1,246,006) | (2,526,573) |
| Disposal for the period / year (**) | (93,013,477) | - |
| Net book value at the end of the period / year | - | 94,259,483 |

*The land and the building classified as investment property, were assessed by an external valuer to determine their fair value as at 31 December 2024. The valuation approach used is the income approach (Discounted cash flow method). The evaluation was carried out by the external valuer accredited by the Saudi Authority for Accredited Values (TAQEEM). (Wasm Valuation: TAQEEM record No. 1210001174).

The fair value measurement is in accordance with IFRS 13 as at 31 December 2024, and the fair value amounted to SAR 114,4 million.

**On 14 July 2025, the Group management signed and completed the sale of its warehouse in the Al-Mashael district, Riyadh (classified as investment property at 31 December 2024) to a third party for SAR 140.43 million. The property's carrying amount at the disposal date was SAR 93.0 million, resulting in a net gain on disposal of SAR 42.2 million, recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the period.

SAUDI COMPANY FOR HARDWARE SACO AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (unaudited)
For the nine-month period ended 30 September 2025
(All amounts are in Saudi Riyals unless otherwise stated)

8. INTANGIBLE ASSETS AND GOODWILL

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|-------------------|--|----------------------------------|
| Goodwill | 22,377,889 | 22,377,889 |
| Software licenses | 30,378,515 | 43,422,333 |
| | <u>52,756,404</u> | <u>65,800,222</u> |

Impairment test for goodwill:

Goodwill is related to the acquisition of Medscan Terminal Company Limited. Goodwill is monitored by the Group's management at the level of only one cash-generating unit (Medscan).

The Group's management performs a goodwill impairment assessment annually and when there are indicators that the carrying value of goodwill may be impaired. Group's management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on 31 December 2024 will not cause the carrying value of the goodwill to materially exceed its recoverable amount.

Accordingly, no impairment loss was recognised for the nine-month period ended 30 September 2025.

Movement in intangible assets is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| Net book value at the beginning of the period / year | 65,800,222 | 71,569,354 |
| Additions | 1,261,667 | 451,513 |
| Transfer to intangible assets | - | 4,063,588 |
| Amortisation for the period / year (*) | (14,305,485) | (10,248,674) |
| Disposal | - | (35,559) |
| Net book value at the end of the period / year | <u>52,756,404</u> | <u>65,800,222</u> |

*On July 2025, the Group resolved to replace its e-commerce platform. Accordingly, management reassessed the asset's usage and reduced the remaining useful life to eight months. This constitutes a change in accounting estimate and has been applied prospectively from the reassessment date. The remaining carrying amount is being amortised over the revised eight-month period, resulting in a higher amortisation charge in the current period and over the revised remaining life.

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9. INVENTORIES

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| Merchandise in stores and warehouses | 555,992,471 | 508,319,214 |
| Goods-in-transit | 27,661,771 | 58,067,004 |
| Merchandise on consignment | 7,743,393 | 8,262,009 |
| Packing, wrapping, and consumable | 2,585,982 | 2,682,601 |
| | 593,983,617 | 577,330,828 |
| Allowance for slow-moving items and inventory shortages | (27,370,368) | (28,492,720) |
| | 566,613,249 | 548,838,108 |

The movement in the allowance for slow-moving items and inventory shortages as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|----------------------------------|
| Balance at the beginning of the period / year | 28,492,720 | 49,620,015 |
| Provided during the period / year | 1,912,231 | 7,436,481 |
| Utilized during the period / year | (3,034,583) | (21,202,267) |
| Write off | - | (7,361,509) |
| Balance at the end of the period / year | 27,370,368 | 28,492,720 |

During the period, shrinkage amounting to SAR 6,9 million was written off directly from the inventory (31 December 2024: SAR 8,17 million).

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10. ACCOUNTS RECEIVABLES

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--------------------------------------|--|----------------------------------|
| Accounts receivable – Trade | 35,143,378 | 44,069,971 |
| Accounts receivable – Others | 1,387,944 | 1,568,032 |
| Allowance for expected credit losses | (5,066,942) | (5,316,088) |
| | <u>31,464,380</u> | <u>40,321,915</u> |

The movement in the allowance for expected credit loss is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|----------------------------------|
| Balance at the beginning of the period / year | 5,316,088 | 3,720,738 |
| (Reversal) / provided during the period / year | (249,146) | 1,595,350 |
| Balance at the end of the period / year | <u>5,066,942</u> | <u>5,316,088</u> |

11. PREPAYMENTS AND OTHER RECEIVABLES

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| Prepaid expenses | 15,744,815 | 14,874,083 |
| Advance payments to suppliers and employees | 8,920,454 | 9,499,160 |
| Accrued lease income | - | 3,219,935 |
| Others | 5,691,859 | 4,304,527 |
| | <u>30,357,128</u> | <u>31,897,705</u> |
| Allowance for prepayments and other assets | (4,924,615) | (4,924,615) |
| | <u>25,432,513</u> | <u>26,973,090</u> |

The movement in the impairment of prepayments and other receivables is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|----------------------------------|
| Balance at the beginning of the period / year | 4,924,615 | 4,518,127 |
| Provided during the period / year | - | 406,488 |
| Balance at the end of the period / year | <u>4,924,615</u> | <u>4,924,615</u> |

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12. BORROWINGS

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| Short-term borrowings | - | 123,153,130 |
| Current portion of long-term borrowings | - | 20,000,000 |
| Non-current portion of long-term borrowings | - | 5,000,000 |
| Total borrowings | - | 148,153,130 |

The maturity profile of the non-current portion of long-term borrowings is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|------------------|--|----------------------------------|
| More than 1 year | - | 5,000,000 |
| | - | 5,000,000 |

The Group had credit facilities amounting to Saudi Riyal 238 million from various local banks. Such facilities comprise short and long-term borrowings, letters of credit and guarantees, and notes payable for bills of exchange to finance working capital, investments, and capital expenditures.

These facilities, which are in the form of Murabaha and Tawarroq financing, bear financial charges at prevailing market rates based on the Saudi Inter-bank Offer Rate ("SIBOR").

During the nine months period ended 30 September 2025, the Company's management fully settled all outstanding borrowings from local banks, balance as of 31 December 2024 (SAR 148 million).

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13. LEASE LIABILITIES

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|---|
| Balance at the beginning of the period / year | 324,893,506 | 338,262,479 |
| Lease modification (*) | 3,282,550 | 35,031,850 |
| Lease re-assessment (**) | - | 19,013,993 |
| Addition during the period / year | 2,497,384 | - |
| Interest on lease liabilities for the period / year | 12,892,659 | 19,387,299 |
| Lease de-recognition | (5,223,818) | - |
| Payments during the period / year | (44,764,164) | (65,935,058) |
| Transfer to lease liabilities due not yet paid (note 15) | (12,980,568) | (20,867,057) |
| Balance at the end of the period / year | 280,597,549 | 324,893,506 |

* During 2024, a number of lease contracts have been modified changing the payment and extending the lease term which resulted in a modification amount of SAR 35 million to right-of-use assets and amounting to SAR 35 million to lease liability.

**During 2024, the Group's Real Estate Committee reassessed the renewal option for certain contracts. Accordingly, the Group's management has recalculated the right of use assets and the obligations for lease liabilities. This resulted in an increase in the right of use assets by SAR 19 million and an increase in the lease liabilities by SAR 19 million.

The lease liability balance consists as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|---|
| Lease liabilities undiscounted principal payments | 324,082,361 | 381,610,035 |
| Unamortised interest | (43,484,812) | (56,716,529) |
| | 280,597,549 | 324,893,506 |

Presented as:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|---|
| Current portion | 64,459,899 | 68,131,990 |
| Non-current portion | 216,137,650 | 256,761,516 |
| | 280,597,549 | 324,893,506 |
| Lease liabilities due not yet paid – (note 15) | 12,980,568 | 20,867,057 |

The Group does not face a significant liquidity risk regarding its liabilities. Lease liabilities are monitored within the Group's treasury function.

All leases insurance and maintenance costs are being incurred by the Group. No purchase option in any lease contract.

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14. ZAKAT

The Group is subject to zakat according to the instructions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The Group submits its zakat returns on a consolidated basis starting from 1 January 2017 and onwards. This includes the Company and its subsidiary because the Group is a single economic entity owned and managed by the Company.

Zakat status

- The Group has finalised its zakat status for the years until 2023.
- The Group has submitted its Zakat return for the year ended 31 December 2024, which is still under assessment by the Authority. The Zakat provision recognised reflects management's best estimate of the anticipated liability for the aforementioned year.

15. ACCRUED EXPENSES AND OTHER LIABILITIES

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|---|
| Accrued expenses | 47,537,367 | 50,106,905 |
| Contract liabilities - Gift cards and vouchers | 34,337,629 | 37,469,414 |
| Employee-related liabilities | 16,297,831 | 19,468,916 |
| Lease liabilities due but not yet paid (Note 13) | 12,980,568 | 20,867,057 |
| Contract liability – advances from customers | 10,303,392 | 6,113,017 |
| Value Added Tax | 7,937,351 | 10,648,580 |
| Accrued rentals | 27,239 | 6,858,829 |
| Others | 4,869,022 | 3,330,300 |
| | 134,290,399 | 154,863,018 |

16. CONTINGENCIES

During the course of business, local banks issue letters of guarantee and letters of credit to third-party suppliers in favor of the group.

The Group had the following contingencies:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|----------------------|--|---|
| Letters of credit | 25,125,044 | 38,772,159 |
| Letters of guarantee | 1,293,533 | 4,295,845 |
| | 26,418,577 | 43,068,004 |

The Group is subject to litigation in the normal course of its business. The Group's management does not believe that the outcome of these court cases will have any material impact on the Group's results or financial position.

17. COMMITMENTS

Significant capital expenditure contracted for ongoing activities of the Group's store/warehouse at the end of the reporting period is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---------------------------------------|--|---|
| Group's store / warehouse commitments | 6,493,951 | 4,383,163 |

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18. PROFIT / (LOSS) PER SHARE

Basic profit / (loss) per share is calculated by dividing the net profit / (loss) for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per share is not applicable to the Group. Also, no separate earnings per share calculation from continuing operations has been presented since there were no discontinued operations during the period.

The calculation of earnings / (loss) per share is given below:

| | 30 September 2025 (Unaudited) | 30 September 2024 (Unaudited) |
|--|--|--|
| Profit / (loss) for the period attributable to ordinary equity holders | 49,515,989 | (17,514,188) |
| Weighted average number of shares outstanding during the period | 35,874,448 | 35,903,328 |
| Profit / (loss) per share | 1.38 | (0.49) |

19. RELATED PARTY BALANCES AND TRANSACTIONS

19-1 Due from a related party

- The Group is entitled to receive a total amount of SAR 6.4 million (excluding VAT) from Telal Jeddah Real Estate Company, a related party, consisting of three unequal payments starting from 2022.
- During the second quarter of 2022 and 2023, the first and second payments have been received for an amount of SAR 643,370 and SAR 1,286,735, respectively.
- During 2024, the Group received the third and final payment amounting to SAR 4,503,574.
- The balance as at 30 September 2025 is SAR 965,051 (31 December 2024: SAR 965,051).

19-2 Related parties' transactions

| Related party | Nature Relationship | Nature of the transaction | 30 September 2025 (Unaudited) | 30 September 2024 (Unaudited) |
|---|--|--|--|--|
| Inheritors of Abdullah Taha Baksh | One of the owners of Abrar International Holding Company, which is one of the main shareholders in the Company | Payment of lease liabilities for two showrooms | 3,784,250 | 4,084,250 |

19-3 Compensation of key management personnel

The Group provides remuneration to directors, executive officers, and key management personnel as follows:

| | 30 September 2025 (Unaudited) | 30 September 2024 (Unaudited) |
|-------------------------|--|--|
| Short term benefits | 6,498,523 | 6,406,814 |
| End-of-service benefits | 362,029 | 299,542 |
| | 6,860,552 | 6,706,356 |

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20. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME HELD FOR SALE

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|---|
| ACE International Hardware Holdings, Ltd (AIH) (*) | 8,671,163 | 8,889,559 |
| Percentage of shareholding | 2.3% | 2.3% |
| Number of shares | 22,022 | 22,022 |

The Group intends to liquidate its investment in ACE International Hardware Holdings, Ltd. (AIH), accordingly, the investment was classified as a current asset.

(*) ACE International Hardware Holdings, Ltd (AIH) is a limited liability company incorporated under the laws of Bermuda. The company is a majority-owned and controlled subsidiary of ACE Hardware Corporation, with a non-controlling interest owned by its international customers.

The Class A-2 shares of the AIH are transferable among eligible owners; however, certain transfer restrictions and minimum Class A-2 share ownership requirements exist as set forth in AIH By-Laws. Upon termination of the relationship with the Company, investors have the opportunity to sell their Class A-2 shares to successor investors. AIH may, but is not legally obligated to, purchase the Class A-2 shares from investors at the prevailing purchase price.

The Group has designated its investment in AIH at fair value through other comprehensive income. The fair value of the investment as follows:

| | Fair value as at | | Net changes in the fair value for the nine-month period ended 30 September | |
|-------------------------------------|--|---|---|-----------------------------|
| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Unquoted | | | | |
| ACE International Hardware Holdings | 8,671,163 | 8,889,559 | (218,396) | - |

Movement during the period / year is as follows:

| | 30 September 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|---|
| Beginning balance for the period / year | 8,889,559 | 8,889,559 |
| Net changes in the fair value | (218,396) | - |
| Closing balance | 8,671,163 | 8,889,559 |

The fair value of AIH's shares has been reported according to the latest offering prices approved by AIH's Board of Directors, which was primarily based on annual pricing analysis and business evaluation.

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21. SEGMENTS INFORMATION

The Group has two major operating segments, namely, sales and services and logistic services and both are operating inside Saudi Arabia.

Sales and Services segment: This segment includes the sale of goods made to retail and wholesale customers. The service department represents the services department's income from the delivery, installation, and maintenance of items sold.

Logistic Services: The logistics and related services segment provides a comprehensive logistics offering to its clients, including freight forwarding, transportation, and contract logistics.

The Group's Chief Executive Officer reviews the internal management reports of each segment at least quarterly for the purpose of resource allocation and assessment of performance. Operating segments are organized based on factors including distribution method, targeted customers, and geographic location.

The segment information provided to the strategic steering committee for the operating segment as of and for the three-month and nine-month periods ended 30 September 2025 and 2024 is as follows:

| For the nine-month period ended 30 September 2025 (Unaudited) | Sales and services | Logistics | Total |
|--|-------------------------------|------------------|-------------------|
| Revenues: | | | |
| Total segment revenue | 744,103,522 | 57,980,420 | 802,083,942 |
| Inter-segment revenue | - | (25,980,249) | (25,980,249) |
| Revenue from external customers | 744,103,522 | 32,000,171 | 776,103,693 |
| Timing of revenue recognition: | | | |
| At a point in time | 743,468,318 | - | 743,468,318 |
| Overtime | 635,204 | 32,000,171 | 32,635,375 |
| Revenue from external customers | 744,103,522 | 32,000,171 | 776,103,693 |
| Other income | 15,803,135 | 608,474 | 16,411,609 |
| Profit from operations | 20,996,828 | 6,093,428 | 27,090,256 |
| Gain on sale of investment property, net | 42,220,856 | - | 42,220,856 |
| Finance cost | (19,278,209) | (67,414) | (19,345,623) |
| Profit before Zakat | 43,939,475 | 6,026,014 | 49,965,489 |
| Zakat | (449,500) | - | (449,500) |
| Profit for the period | 43,489,975 | 6,026,014 | 49,515,989 |

Other segment information:

| For the nine-month period ended 30 September 2025 (Unaudited) | Sales and services | logistics | Total |
|--|-------------------------------|-------------------|----------------------|
| Capital expenditures | 5,414,278 | 2,010,233 | 7,424,511 |
| Depreciation and amortization | 37,981,007 | 2,090,789 | 40,071,796 |
| Depreciation of right-of-use asset | 40,381,707 | 44,059 | 40,425,766 |
| Total segment assets: | | | |
| 30 September 2025 (Unaudited) | 1,067,437,518 | 38,128,174 | 1,105,565,692 |
| 31 December 2024 (Audited) | 1,220,979,790 | 31,881,386 | 1,252,861,176 |
| Total segment liabilities: | | | |
| 30 September 2025 (Unaudited) | 715,705,610 | 14,268,492 | 729,974,102 |
| 31 December 2024 (Audited) | 907,799,567 | 18,767,612 | 926,567,179 |

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21. SEGMENTS INFORMATION (continued)

| For the nine-month period ended 30 September 2024 (Unaudited) | Sales and services | Logistics | Total |
|--|-------------------------------|------------------|---------------|
| Revenues: | | | |
| Total segment revenue | 684,718,640 | 62,323,154 | 747,041,794 |
| Inter-segment revenue | - | (32,482,145) | (32,482,145) |
| Revenue from external customers | 684,718,640 | 29,841,009 | 714,559,649 |
| Timing of revenue recognition: | | | |
| At a point in time | 683,839,109 | - | 683,839,109 |
| Overtime | 879,531 | 29,841,009 | 30,720,540 |
| | 684,718,640 | 29,841,009 | 714,559,649 |
| Other income | 14,850,711 | 24,995 | 14,875,706 |
| Profit from operations | 2,513,114 | 2,991,915 | 5,505,029 |
| Finance cost | (21,621,734) | (70,131) | (21,691,865) |
| Loss / profit before zakat | (19,108,620) | 2,921,784 | (16,186,836) |
| Zakat | (1,327,352) | - | (1,327,352) |
| Loss / profit for the period | (20,435,972) | 2,921,784 | (17,514,188) |
| Other segment information: | | | |
| For the nine-month period ended 30 September 2024 (Unaudited) | Sales and services | logistics | Total |
| Capital expenditures | 11,937,868 | 5,995,964 | 17,933,832 |
| Depreciation and amortization | 33,524,913 | 1,719,150 | 35,244,063 |
| Depreciation of right-of-use asset | 39,084,959 | 44,220 | 39,129,179 |
| Total segment assets: | | | |
| 30 September 2024 (Unaudited) | 1,227,897,774 | 32,813,086 | 1,260,710,860 |
| 31 December 2023 (Audited) | 1,117,296,443 | 27,412,165 | 1,144,708,608 |
| Total segment liabilities: | | | |
| 30 September 2024 (Unaudited) | 919,190,390 | 18,654,712 | 937,845,102 |
| 31 December 2023 (Audited) | 790,808,050 | 10,153,903 | 800,961,953 |

22. COMPARATIVE INFORMATION

Comparatives information for the previous year has been reclassified, where necessary, in order to Conform to the current period's presentation. Such reclassifications do not affect the previously reported profit, net asset or equity of the Group.

23. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Management believes that there are no significant subsequent events since the end of the period that would require disclosure or amendment of these condensed consolidated interim financial statements.

24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.

These condensed consolidated interim financial statements have been approved by the Board of Directors on 8 Jumada Al-Awwal 1447 H (corresponding to 30 October 2025).