

**AFG International Company**  
(A Saudi Joint Stock Company)  
(Previously: Fawaz Abdulaziz Al Hokair & Company)  
Interim condensed consolidated financial statements  
(unaudited)  
For the three-month period ended 31 March 2026  
together with the  
**Independent Auditor's Review Report**

# **AFG International Company** (a Saudi Joint Stock company)

(Previously: Fawaz Abdulaziz Al Hokair & Company)

## **Interim condensed consolidated financial statements**

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For the three-month period ended 31 March 2026

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

To the Shareholders of  
**AFG International Company**  
(A Saudi Joint Stock Company)  
(Previously: Fawaz Abdulaziz Al Hokair & Company)

### INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of AFG International Company (the "Company") and its subsidiaries (together the "Group") (Previously: Fawaz Abdulaziz Al Hokair & Company), a Saudi Joint Stock Company as of 31 March 2026, and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the three-month period then ended, 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 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 the 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 International Accounting Standard 34 that is endorsed in the Kingdom of Saudi Arabia.

### MATERIAL UNCERTAINTY RELTAED TO GOING CONCERN

We draw attention to Note (3-2) of the accompanying interim condensed consolidated financial statements, which indicates that the Group incurred a loss of 47 million for the period ended 31 March 2026, and as of that date it recorded accumulated losses of 2,161 million. In addition, the Group's current liabilities exceeded its current assets by 1,547 million as of 31 March 2026, and as of that date total liabilities exceeded its total assets by 1,532 million. These events or conditions, along with other matters as set forth in details in Note (3-2) of the accompanying interim condensed consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For Dr. Mohamed Al-Amri & Co.

Gihad M. Al-Amri  
Certified Public Accountant  
License No. 362



Riyadh, on: 24 Dhu Al-Qidah 1447 (H)  
Corresponding to: 11 May 2026 (G)

# AFG International Company (a Saudi Joint Stock Company)

(Previously: Fawaz Abdulaziz Al Hokair & Company)

## Interim condensed consolidated statement of financial position

As at 31 March 2026

(All amounts in ﷲ unless otherwise stated)

	Note	31 March 2026 (Unaudited) ﷲ	31 December 2025 (Audited) ﷲ
<b>Assets</b>			
Property and equipment	6	962,854,439	981,139,100
Right-of-use assets		1,310,369,102	1,368,486,825
Goodwill and intangible assets		474,523,742	476,680,274
Investment in equity instruments at FVOCI	8	96,385,790	110,313,732
Equity accounted investment	7	32,643,957	30,670,320
Security deposits		12,405,298	12,801,988
Receivable from disposal of a subsidiary		16,023,390	15,941,958
Investment property		989,400	1,020,000
<b>Non-current assets</b>		<b>2,906,195,118</b>	<b>2,997,054,197</b>
Inventories	9	625,654,734	594,193,649
Advances, prepayments and other receivables		187,893,349	159,640,572
Cash and cash equivalents		207,328,641	243,999,879
<b>Current assets</b>		<b>1,020,876,724</b>	<b>997,834,100</b>
Assets classified as held for sale	22	29,944,374	30,839,353
<b>Total assets</b>		<b>3,957,016,216</b>	<b>4,025,727,650</b>
<b>Equity</b>			
Share capital	13	1,147,664,480	1,147,664,480
Foreign currency translation reserve		(613,836,991)	(598,997,517)
Fair value reserve		103,448,561	103,448,561
Accumulated losses		(2,160,712,499)	(2,112,926,486)
<b>Equity attributable to shareholders of the Company</b>		<b>(1,523,436,449)</b>	<b>(1,460,810,962)</b>
Non-controlling interests		(8,182,505)	(5,392,468)
<b>Total equity</b>		<b>(1,531,618,954)</b>	<b>(1,466,203,430)</b>
<b>Liabilities</b>			
Loans and borrowings	10	1,574,282,624	1,574,019,850
Lease liabilities		1,224,248,899	1,258,165,819
Employees' benefits		86,348,740	83,166,133
<b>Non-Current liabilities</b>		<b>2,884,880,263</b>	<b>2,915,351,802</b>
Loans and borrowings - current portion	10	10,938,693	34,688,785
Shareholder's loan	11	1,407,765,877	1,378,476,561
Lease liabilities - current portion		207,613,566	218,501,982
Trade and other payables		932,990,956	902,076,117
Zakat and tax liabilities		9,045,075	6,674,847
<b>Current liabilities</b>		<b>2,568,354,167</b>	<b>2,540,418,292</b>
Liabilities relating to assets classified as held for sale	22	35,400,740	36,160,986
<b>Total liabilities</b>		<b>5,488,635,170</b>	<b>5,491,931,080</b>
<b>Total equity and liabilities</b>		<b>3,957,016,216</b>	<b>4,025,727,650</b>

The attached notes from 1 to 23 are an integral part of these interim condensed consolidated financial statements.

These Interim condensed consolidated financial statements were authorized for issue by the Board of Directors, and signed on its behalf by:



Ahmad Abdelkareem  
Chief Financial Officer



Salim Fakhouri  
Chief Executive Officer



Hussein Ali Shobokshi  
Chairman

**AFG International Company** (a Saudi Joint Stock Company)

(Previously: Fawaz Abdulaziz Al Hokair &amp; Company)

**Interim condensed consolidated statement of profit or loss**

For the three-month period ended 31 March 2026

(All Amounts in **ﷲ** unless otherwise stated)

	Note	Three-months ended 31 March 2026 (Unaudited)	Three-months ended 31 March 2025 (Unaudited)
		ﷲ	ﷲ
Revenue	15	1,364,574,019	1,332,025,380
Cost of revenue	16	(1,235,995,510)	(1,181,483,891)
<b>Gross profit</b>		<b>128,578,509</b>	<b>150,541,489</b>
General and administrative expenses		(59,712,196)	(67,759,689)
Selling and distribution expenses		(35,471,978)	(25,349,576)
Other operating expense	17a	(2,937,359)	(6,923,706)
Other operating income	17b	15,330,381	32,848,416
<b>Operating profit</b>		<b>45,787,357</b>	<b>83,356,934</b>
Finance costs over loans and borrowings		(62,480,385)	(34,081,034)
Finance costs over lease liabilities		(24,896,558)	(24,077,644)
<b>Net finance costs</b>		<b>(87,376,943)</b>	<b>(58,158,678)</b>
Share of income / (loss) of equity accounted investment		1,973,637	(217,674)
<b>(Loss) / profit before zakat and income tax</b>		<b>(39,615,949)</b>	<b>24,980,582</b>
Zakat and income tax expense		(6,592,297)	(8,921,185)
<b>(Loss) / profit for the period from continuing operations</b>		<b>(46,208,246)</b>	<b>16,059,397</b>
Loss for the period from discontinued operations	22	(1,121,735)	(14,273,121)
<b>(Loss) / profit for the period</b>		<b>(47,329,981)</b>	<b>1,786,276</b>
<b>(Loss) / profit for the period attributable to:</b>			
Shareholders of the Company		(47,786,013)	1,811,234
Non-controlling interests		456,032	(24,958)
		<b>(47,329,981)</b>	<b>1,786,276</b>
<b>(Loss) / profit per share</b>			
Basic and diluted (loss) / profit per share			
- from continuing operations	12	(0.41)	0.14
- from discontinuing operations	12	(0.01)	(0.12)

The attached notes from 1 to 23 are an integral part of these interim condensed consolidated financial statements.



**Ahmad Abdelkareem**  
Chief Financial Officer



**Salim Fakhouri**  
Chief Executive Officer



**Hussein Ali Shobokshi**  
Chairman

**AFG International Company** (a Saudi Joint Stock Company)

(Previously: Fawaz Abdulaziz Al Hokair &amp; Company)

**Interim condensed consolidated statement of Comprehensive income**

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

	For the three-month period ended 31 March 2026 (Unaudited)	For the three-month period ended 31 March 2025 (Unaudited)
	ﷲ	ﷲ
<b>(Loss) / profit for the period</b>	<b>(47,329,981)</b>	1,786,276
<b>Items that may be reclassified to profit or loss:</b>		
Foreign operations – foreign currency translation Differences	<b>(15,107,383)</b>	380,901
<b>Other comprehensive income for the period, net of tax</b>	<b>(15,107,383)</b>	380,901
<b>Total comprehensive income for the period</b>	<b>(62,437,364)</b>	2,167,177
<b>Total comprehensive income for the period attributable to:</b>		
- Shareholders of the Company	<b>(62,625,487)</b>	2,207,518
- Non-controlling interests	<b>188,123</b>	(40,341)
	<b>(62,437,364)</b>	2,167,177

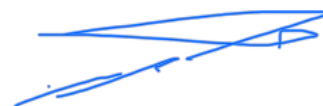
The attached notes from 1 to 23 are an integral part of these interim condensed consolidated financial statements.



**Ahmad Abdelkareem**  
Chief Financial Officer



**Salim Fakhouri**  
Chief Executive Officer



**Hussein Ali Shobokshi**  
Chairman

**AFG International Company (a Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of changes in equity**

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

	Share capital	Foreign currency translation reserve	Fair value reserve	(Accumulated losses)	Total shareholders' equity	Non-Controlling interests	Total equity
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
<b>Balance at 1 January 2026</b>	<b>1,147,664,480</b>	<b>(598,997,517)</b>	<b>103,448,561</b>	<b>(2,112,926,486)</b>	<b>(1,460,810,962)</b>	<b>(5,392,468)</b>	<b>(1,466,203,430)</b>
<b>Total comprehensive income for the period</b>							
(Loss) / profit for the period	--	--	--	(47,786,013)	(47,786,013)	456,032	(47,329,981)
Other comprehensive income	--	(14,839,474)	--	--	(14,839,474)	(267,909)	(15,107,383)
<b>Total comprehensive income for the period</b>	<b>--</b>	<b>(14,839,474)</b>	<b>--</b>	<b>(47,786,013)</b>	<b>(62,625,487)</b>	<b>188,123</b>	<b>(62,437,364)</b>
Dividends paid to NCI	--	--	--	--	--	(2,978,160)	(2,978,160)
<b>Balance at 31 March 2026 (Unaudited)</b>	<b>1,147,664,480</b>	<b>(613,836,991)</b>	<b>103,448,561</b>	<b>(2,160,712,499)</b>	<b>(1,523,436,449)</b>	<b>(8,182,505)</b>	<b>(1,531,618,954)</b>
<b>Balance at 1 January 2025</b>	<b>1,147,664,480</b>	<b>(617,207,523)</b>	<b>83,270,078</b>	<b>(1,606,933,730)</b>	<b>(993,206,695)</b>	<b>(24,928,877)</b>	<b>(1,018,135,572)</b>
<b>Total comprehensive income for the period</b>							
Profit / (Loss) for the period	--	--	--	1,811,234	1,811,234	(24,958)	1,786,276
Other comprehensive income	--	396,284	--	--	396,284	(15,383)	380,901
<b>Total comprehensive income for the period</b>	<b>--</b>	<b>396,284</b>	<b>--</b>	<b>1,811,234</b>	<b>2,207,518</b>	<b>(40,341)</b>	<b>2,167,177</b>
<b>Balance at 31 March 2025 (Unaudited)</b>	<b>1,147,664,480</b>	<b>(616,811,239)</b>	<b>83,270,078</b>	<b>(1,605,122,496)</b>	<b>(990,999,177)</b>	<b>(24,969,218)</b>	<b>(1,015,968,395)</b>

The attached notes from 1 to 23 are an integral part of these interim condensed consolidated financial statements.



**Ahmad Abdelkareem**  
Chief Financial Officer



**Salim Fakhouri**  
Chief Executive Officer



**Hussein Ali Shobokshi**  
Chairman

**AFG International Company** (a Saudi Joint Stock Company)

(Previously: Fawaz Abdulaziz Al Hokair &amp; Company)

**Interim condensed consolidated statement of cash flows**

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

	For the three-month period ended 31 March 2026 (Unaudited)	For the three-month period ended 31 March 2025 (Unaudited)
	ﷲ	ﷲ
<b>Cash flows from operating activities:</b>		
(Loss) / profit for the period	(47,329,981)	1,786,276
<i>Adjustments for:</i>		
- Depreciation on property and equipment	28,960,126	32,231,649
- Depreciation on investment property	30,600	30,600
- Amortization on intangible assets	2,525,099	3,144,821
- Depreciation on right-of-use assets	67,968,058	74,321,349
- Provision for employees' benefits	5,000,202	5,463,557
- Provision for inventory shrinkage & slow-moving	23,026,456	7,987,004
- Expected credit losses	--	8,181,871
- Gain on lease termination	--	(945,956)
- Zakat and income tax expense	6,592,297	8,921,185
- Finance cost over loans and borrowings	62,480,385	34,081,034
- Finance cost over lease liabilities	25,297,548	25,316,178
- Share of (income) / loss from equity accounted investment	(1,973,637)	217,674
- Directly written off inventory	2,136,796	7,658,021
- Gain on disposal of discontinued operation	--	(21,881,521)
- Provision for assets	423,822	6,857,121
	<b>175,137,771</b>	<b>193,370,863</b>
<b>Changes in:</b>		
- Inventories	(56,347,664)	37,823,635
- Advances, prepayments and other receivables	(19,691,284)	(53,387,103)
- Trade and other payables	31,700,004	113,028,795
<b>Cash generated from operating activities</b>	<b>130,798,827</b>	<b>290,836,190</b>
Zakat and income tax paid	(4,222,069)	(24,980,567)
Employees' benefits paid	(1,817,595)	(3,634,100)
<b>Net cash generated from operating activities</b>	<b>124,759,163</b>	<b>262,221,523</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(11,438,504)	(34,516,160)
Purchase of investment in equity accounted investments	--	(1,881,676)
Purchase of intangible assets	--	(70,712)
<b>Net cash used in investing activities</b>	<b>(11,438,504)</b>	<b>(36,468,548)</b>

**AFG International Company (a Saudi Joint Stock Company)**  
**Interim Condensed consolidated statement of cash flows (continued)**


(Previously: Fawaz Abdulaziz Al Hokair & Company)

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

	For the three-month period ended 31 March 2026 (Unaudited)	For the three-month period ended 31 March 2025 (Unaudited)
	ﷲ	ﷲ
<b>Cash flows from financing activities:</b>		
Repayments of loans and borrowings	(23,599,370)	(393,606,580)
Withdrawals in loans and borrowings	--	176,987,167
Payments of finance costs over loans and borrowings	(34,528,649)	(70,346,220)
Payments of lease liabilities	(62,427,464)	(46,301,725)
Payments of finance costs over lease liabilities	(25,297,548)	(25,316,178)
Dividends paid to NCI	(2,978,160)	--
<b>Net cash used in financing activities</b>	<b>(148,831,191)</b>	<b>(358,583,536)</b>
Net decrease in cash and cash equivalents	(35,510,532)	(132,830,561)
Foreign currency exchange translation differences	(1,160,706)	296,049
Cash and cash equivalents at the beginning of period	243,999,879	256,211,535
<b>Cash and cash equivalents at end of period</b>	<b>207,328,641</b>	<b>123,677,023</b>

The attached notes from 1 to 23 are an integral part of these interim condensed consolidated financial statements.

  
**Ahmad Abdulkareem**  
 Chief Financial Officer

  
**Salim Fakhouri**  
 Chief Executive Officer

  
**Hussein Ali Shobokshi**  
 Chairman

# **AFG International Company (a Saudi Joint Stock Company)**

## **Notes to the interim condensed consolidated financial statements**

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

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### **1. REPORTING ENTITY**

AFG International Company (the “Company”), (previously known as Fawaz Abdulaziz Al Hokair & Co.), is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha’ban 1410H (corresponding to 18 March 1990).

The extraordinary general assembly of the Company in its meeting dated 6th January 2026 has approved changing the Company's name to be AFG International Company. The legal proceedings to register the new name in the Ministry of Commerce and Capital Markets Authority have been finalized as of 20th January 2026.

Certain other articles of incorporation were also amended in the same meeting including the Company's objectives, shareholders' register, Company's management, etc.

The Intermediate Parent Company is Al Futtaim Retail Company, a company which is domiciled in Saudi Arabia. The Ultimate Parent Company is Al Futtaim Group LLC, a company which is domiciled in the United Arab Emirates.

The objective of the Company and its subsidiaries (collectively known as the “Group”) is to engage in the following activities:

- Wholesale and retail trading in ready-made clothes for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sportswear and shoes and related items.
- Management and operation of optics centers and wholesale and retail trading in eyeglasses, sunglasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for running the Group’s activities and business.
- Manufacture, wholesale and retail in Abayas, robes, scarfs and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.
- Retail trading in consumer food products.
- Own and operate restaurants, coffee shops, import food products and acquire related equipment.
- Own and operate entertainment centers and acquire related equipment.

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

## 2. GROUP STRUCTURE

Following is the list of subsidiaries included in these interim condensed consolidated financial statements as at 31 March 2026 and 31 December 2025:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2026	31 December 2025
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
10	Al-Jeel Trading Company	Kingdom of Saudi Arabia	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	RIGE Co.	Arab Republic of Egypt	Retail	99	99
24	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
25	Retail Group Armenia CJSC	Armenia	Retail	96	96
26	Spanish Retail CJSC	Armenia	Retail	100	100
27	ZR Fashion Retail CJSC	Armenia	Retail	100	100
28	Global Apparel CJSC	Armenia	Retail	100	100
29	BR Fashion Retail CJSC	Armenia	Retail	100	100
30	Master Retail CJSC	Armenia	Retail	100	100
31	Best Retail CJSC	Armenia	Retail	100	100

**AFG International Company (a Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements**

For the three-month period ended 31 March 2026

(All Amounts in **ﷲ** unless otherwise stated)

**2. GROUP STRUCTURE (CONTINUED)**

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2026	31 December 2025
32	Retail Group CJSC	Armenia	Retail	100	100
33	Pro Retail CJSC	Armenia	Retail	100	100
34	Factory Prices CJSC	Armenia	Retail	100	100
35	HComfort Retail Group CJSC	Armenia	Retail	100	100
36	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
37	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
38	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
39	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
40	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
41	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
42	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
43	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
44	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
45	Retail Group Holding LLC	Azerbaijan	Retail	85	85
46	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
47	Fashion Group CA	Uzbekistan	Retail	80	80
48	Fashion Retail Store	Uzbekistan	Retail	80	80
49	Master Retail Store	Uzbekistan	Retail	80	80
50	Retail Boutique	Uzbekistan	Retail	80	80
51	Retail Group Global	Uzbekistan	Retail	80	80
52	Retail Group Store	Uzbekistan	Retail	80	80
53	Retail Store Pro	Uzbekistan	Retail	80	80
54	Spanish Store	Uzbekistan	Retail	80	80

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose entities across several countries which are not material to the Group.

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels, food and beverages and electronics business.

# **AFG International Company (a Saudi Joint Stock Company)**

## **Notes to the interim condensed consolidated financial statements**

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

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### **3. BASIS OF ACCOUNTING**

#### **3.1 STATEMENT OF COMPLIANCE**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter refer to as “IFRS accounting standards as endorsed in KSA”) and should be read in conjunction with the Group’s last annual Consolidated Financial Statements as at and for the year ended 31 December 2025 (“last annual consolidated financial statements”). These interim condensed consolidated financial statements do not include all of the information required for a complete set of IFRS Financial Statements; however, 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 consolidated financial statements.

The interim condensed consolidated financial statements were approved by the Board of Directors for issuance on 22 Dhul-Qadah 1447 (H) (corresponding to 9 May 2026 (G)).

#### **3.2 GOING CONCERN BASIS OF ACCOUNTING**

The Group incurred a net loss of ﷲ 47 million during the period ended 31 March 2026 (31 March 2025: profit ﷲ 2 million), resulting in accumulated losses of ﷲ 2,161 million as at that date (31 December 2025: ﷲ 2,113 million). In addition, as at 31 March 2026, the Group’s current liabilities exceeded its current assets by ﷲ 1,547 million (31 December 2025: ﷲ 1,543 million), and as of that date total liabilities exceeded total assets by ﷲ 1,532 million (31 December 2025: ﷲ 1,466 million).

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

The Group’s ability to continue as a going concern is dependent on the successful execution of management’s business restructuring plan, which includes rationalization of underperforming brands, optimization of the store portfolio, cost-reduction initiatives, restructuring of borrowings, and continued financial support from the major shareholders.

Over the past two years, the Group has exited a number of underperforming brands and redirected resources toward higher-performing brands. These initiatives have contributed to improvements in gross margins and operating performance. In addition, the Group completed significant debt restructuring during 2025, including the settlement and refinancing of bank facilities.

Management has prepared cash flow forecasts covering at least the next twelve months from the reporting date. These forecasts incorporate the effects of the above initiatives, the major shareholder’s support and assume continued access to finance. Based on these forecasts, management believes that the Group will have sufficient liquidity to meet its obligations as they fall due.

Accordingly, these interim condensed consolidated financial statements have been prepared on the going concern basis.

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

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### 3. BASIS OF ACCOUNTING (CONTINUED)

#### 3.3 PREPARATION OF FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for the following material items in the condensed consolidated statement of financial position:

- Investments at fair value, and;
- The defined benefits obligations are recognized at the present value of future obligations using the Projected Unit Credit Method.

#### 3.4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 Group's annual consolidated financial statements as at and for the year ended 31 December 2025.

### 4. MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2025.

### 5. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

#### A) New standards, amendments to standards and interpretations:

There are new standards and amendments to standards and interpretations that became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of these amendments, as they don't have material effect on the group's interim condensed consolidated financial statements.

#### B) Standards issued but not yet effective:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2026 reporting period and have not been early adopted by the Group:

- Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency, effective for annual periods beginning on or after 1 January 2027;
- IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18"), effective for annual periods beginning on or after 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' ("IFRS 19"), effective for annual periods beginning on or after 1 January 2027.

Management is in the process of assessing the impact of such new standards and interpretations on its future interim condensed consolidated financial statements.

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

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### 6. PROPERTY AND EQUIPMENT

During the three-month period ended 31 March 2026, the Group added property and equipment with a cost of ﷲ 11.4 million (three-month period ended 31 March 2025: ﷲ 34.5 million) and disposal with a net book value ﷲ 423K (three-month period ended 31 March 2025: ﷲ 6.9 million). No sale of brands occurred during the three-month period ended 31 March 2026 (three-month period ended 31 March 2025: disposal of assets with a net value of ﷲ 9.6 million arising from sale of brands). Also, during the three-month period ended 31 March 2026, the depreciation charge for three-month period amounted to ﷲ 29.1 million (three-month period ended 31 March 2025: ﷲ 32.2 million).

### 7. EQUITY ACCOUNTED INVESTMENTS

	FAS LAB <sup>(i)</sup> ﷲ
<b>Balance at 1 January 2025 (Audited)</b>	46,004,794
Addition	1,881,677
Share of loss and impairment	(17,216,151)
<b>Balance at 31 December 2025 (Audited)</b>	30,670,320
Share of profit	1,973,637
<b>Balance at 31 March 2026 (Unaudited)</b>	<b>32,643,957</b>

(i) This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in operating the Group's e-commerce platform.

### 8. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Equity securities at FVTOCI <sup>(i)</sup> ﷲ
<b>Balance at 1 January 2025 (Audited)</b>	84,371,912
Changes in fair value attributable to shareholders of the Company	20,178,485
Changes in fair value attributable to NCI	411,805
Unrealized currency exchange differences	5,351,530
<b>Balance at 31 December 2025</b>	110,313,732
Unrealized currency exchange differences	(13,927,942)
<b>Balance at 31 March 2026 (Unaudited)</b>	<b>96,385,790</b>

(i) During the year ended 31 March 2021, the Group has acquired 8.9% shares in Egyptian Centers for Real Estate Development (ECRED) in consideration for the settlement of a receivable from ECRED. The Group has designated the investment at FVOCI at initial recognition. At 31 March 2026, investment in ECRED has been valued at ﷲ 96.4 million (31 December 2025: ﷲ 110.3 million).

### 9. INVENTORIES

	31 March 2026 (Unaudited) ﷲ	31 December 2025 (Audited) ﷲ
Finished goods		
- Available for sale	724,579,896	656,617,262
- Goods in transit	36,528,040	48,807,499
- Consumables	8,595,929	9,791,563
<b>Gross inventories</b>	<b>769,703,865</b>	715,216,324
Allowances for Inventory	(144,049,131)	(121,022,675)
<b>Net inventories</b>	<b>625,654,734</b>	594,193,649

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2026

(All Amounts in ﷲ unless otherwise stated)

### 10. LOANS AND BORROWINGS

	Note	31 March 2026 (Unaudited) ﷲ	31 December 2025 (Audited) ﷲ
Banking facility with Emirates NBD local bank	(i)	1,574,282,624	1,574,019,850
Banking Facility of international subsidiary (Retail Group Georgia LLC)	(ii)	2,238,661	18,864,362
Banking Facility of international subsidiary (Retail Group Global LLC - Uzbekistan)	(iii)	2,531,009	7,449,030
Banking Facilities of international subsidiary (Retail Group Global LLC - Uzbekistan)	(iv)	4,754,334	6,354,423
Banking Facilities of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v)	1,414,689	2,020,970
		<b>1,585,221,317</b>	<b>1,608,708,635</b>
<b>Loans and borrowings - current liabilities</b>		<b>10,938,693</b>	<b>34,688,785</b>
<b>Loans and borrowings – non-current liabilities</b>		<b>1,574,282,624</b>	<b>1,574,019,850</b>
		<b>1,585,221,317</b>	<b>1,608,708,635</b>

- i. On 14 September 2025, AFG International Company entered into a ﷲ 1,600 million credit facility agreement with Emirates NBD Bank – Kingdom of Saudi Arabia. The facility consists of a short-term loan with a 90-day maturity, which intended to be refinanced into a three-year term loan, with an extension option for an additional two years at the Bank’s discretion, subject to execution of the relevant agreements. The loan carries an interest rate of 3-month SAIBOR plus 1%. The facility was used to settle previously existing bank debts. Guarantees include a promissory note from the Company and a corporate guarantee from Al Futtaim Private Company LLC, which is considered a related party due to its affiliation with Al Futtaim Retail Company, the intermediate parent company following the completion of a private share purchase transaction on 15 September 2025. Subsequently, on 14 December 2025, the Group finalized the refinancing arrangements and converted the facility from a short-term loan into a long-term loan in accordance with the terms originally contemplated in the agreement. The loan carries an interest rate of 3-month SAIBOR plus 1.2%.
- ii. During 2023 and 2025, the Group’s international subsidiary, Retail Group Georgia LLC obtained the credit facilities from TBC Bank of Georgia amounted to EUR 9.6 million (equivalent to ﷲ 42.3 million), to finance working capital. The facility carried an interest rate which ranges from 7.9% to 8.9% on loan taken in Euro. As at March 2026, the outstanding facility bears an interest rate of 7.9% and has a maturity date of 11 September 2026.
- iii. During 2024, the Group’s international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facility from METROPOL Group amounted to UZS 24.8 billion (equivalent to ﷲ 7.4 million), to support their operations. The facility carries an interest rate of 11.5%. The original maturity date of loan was on 27 January 2026, then it was rescheduled subsequently to 31 July 2026.
- iv. On 23 September 2023, the Group’s international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facilities from Pasha Bank amounted to AZN 10 million (equivalent to ﷲ 22 million), to support their operations. The facility carries an interest rate of 12%. The loan was settled on 10 March 2025. On 20 May 2025 same company obtained additional facility from Pasha Bank amounted to AZN 4 million (equivalent to ﷲ 9 million) to support their operations. Maturity date of the loan is 14 November 2026.
- v. On 19 July 2024, the Group’s international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facilities from SQB Bank amounted to EUR 3 million (equivalent to ﷲ 11.7 million), to support their operations. The facility carries an interest rate of 12%. The maturity date of the loan is 9 October 2026.

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**11. SHAREHOLDER'S LOAN**

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
	ﷲ	ﷲ
Shareholder's Loan	<b>1,407,765,877</b>	1,378,476,561

On 14 September 2025 the Company entered into a shareholder's loan through a tri-party agreement with Al Futtaim Private Company LLC (an intermediate parent of Al Futtaim Retail Company), where Al Futtaim Private Company LLC is defined in the agreement as "the lender" and Al Futtaim Retail Company as "the Purchaser of the Company's shares". The loan was extended pursuant to the terms of the private share purchase transaction on 15 September 2025. The loan carries an interest rate of 3-month SAIBOR plus 3.6%, with interest being capitalized every three months, repayment is due at the earlier of five years from the disbursement date or three months after the completion date of the special transaction, at the lender's discretion. The facility is intended to support the Company's financial position and settle existing obligations. The agreement includes an option for the lender to convert the outstanding loan amounts into equity, subject to the approval of the regulatory bodies and shareholders.

**12. EARNINGS PER SHARE**

Calculation of basic and diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. There are no dilutive potential ordinary shares resulting from shareholder's loan (Note 11), which includes an option to convert the outstanding loan into equity, as no conversion price was determined within the loan agreement.

**A. Basic and diluted (loss) / profit per share for continuing operations**

	<b>Three-month period ended 31 March 2026 (Unaudited)</b>	<b>Three-month period ended 31 March 2025 (Unaudited)</b>
	ﷲ	ﷲ
(Loss) / profit attributable to ordinary shareholders	<b>(46,664,278)</b>	16,084,355
Weighted average number of ordinary shares	<b>114,766,448</b>	114,766,448
<b>Basic and diluted (loss) / profit per share</b>	<b>(0.41)</b>	0.14

**B. Basic and diluted (loss) per share for discontinued operations**

	<b>Three-month period ended 31 March 2026 (Unaudited)</b>	<b>Three-month period ended 31 March 2025 (Unaudited)</b>
	ﷲ	ﷲ
loss attributable to ordinary shareholders	<b>(1,121,735)</b>	(14,273,121)
Weighted average number of ordinary shares	<b>114,766,448</b>	114,766,448
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	(0.12)

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

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### 12. EARNINGS PER SHARE (CONTINUED)

#### C. Basic and diluted (loss) / profit per share

	Three-month period ended 31 March 2026 (Unaudited)	Three-month period ended 31 March 2025 (Unaudited)
	ﷲ	ﷲ
(Loss) / profit attributable to ordinary shareholders	(47,786,013)	1,811,234
Weighted average number of ordinary shares	114,766,448	114,766,448
<b>Basic and diluted (loss) / profit per share</b>	<b>(0.42)</b>	<b>0.02</b>

### 13. SHARE CAPITAL

The Company's share capital as at 31 March 2026, and 31 December 2025 is as below:

	31 March 2026			31 December 2025		
	No. of shares	Par value	Total	No. of shares	Par value	Total
Ordinary share capital	114,766,448	10	1,147,664,480	114,766,448	10	1,147,664,480

### 14. OPERATING SEGMENTS

#### Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

#### A. Reportable segments

The following table describes the operations of each reportable segments:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwears & accessories through retail outlets
Electronics	Primarily include sales of smartphones and accessories, electronics, computers & peripherals, computer supplies, video games, smart TV's
Food & beverage	Cafes and restaurants

#### Geographical information

The Group operates through their various outlets in the Kingdom of Saudi Arabia (Domestic) and international geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, Republic of Azerbaijan, Georgia, Armenia and Uzbekistan.

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**14. OPERATING SEGMENTS (CONTINUED)**

**B. INFORMATION ABOUT REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION**

The segment information from operations of these segments is provided below:

	Reportable segments					Geographical segments			
	Fashion retail	Electronics	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in ﷲ 000					Amount in ﷲ 000			
<b>31 March 2026</b>									
<b>Profit or loss</b>									
Sales	1,145,534	149,380	69,660	--	1,364,574	1,016,758	347,816	--	1,364,574
Depreciation and amortization	(26,983)	(700)	(3,783)	--	(31,466)	(25,739)	(5,727)	--	(31,466)
Finance charges	(84,950)	(1,155)	(1,272)	--	(87,377)	(82,047)	(5,330)	--	(87,377)
Net (loss) / profit from continuing operations	(43,025)	3,868	(7,051)	--	(46,208)	(66,344)	20,136	--	(46,208)
<b>31 March 2026</b>									
<b>Financial position</b>									
Non-current assets	5,749,091	87,611	156,289	(3,086,796)	2,906,195	5,510,386	482,605	(3,086,796)	2,906,195
Current assets	994,006	75,549	(48,678)	--	1,020,877	848,443	172,434	--	1,020,877
Total liabilities	(5,117,930)	(161,649)	(173,655)	--	(5,453,234)	(5,098,730)	(354,504)	--	(5,453,234)

**AFG International Company (a Saudi Joint Stock Company)**  
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**14. OPERATING SEGMENTS (CONTINUED)**

**B. INFORMATION ABOUT REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION (CONTINUED)**

	Reportable segments					Geographical segments			
	Fashion retail	Electronics	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in ﷲ 000					Amount in ﷲ 000			
31 March 2025									
Profit or loss									
Sales	1,145,052	106,889	80,084	--	1,332,025	1,030,728	301,297	--	1,332,025
Depreciation and amortization	(28,454)	(670)	(4,236)	--	(33,360)	(29,484)	(3,876)	--	(33,360)
Finance charges	(55,827)	(921)	(1,410)	--	(58,158)	(51,548)	(6,610)	--	(58,158)
Net profit / (loss) from continuing operations	13,256	4,724	(1,921)	--	16,059	18,557	(2,498)	--	16,059
31 December 2025									
Financial position									
Non-current assets	6,265,230	87,925	175,411	(3,531,512)	2,997,054	6,021,314	507,252	(3,531,512)	2,997,054
Current assets	977,263	63,170	(42,599)	--	997,834	800,784	197,050	--	997,834
Total liabilities	(5,128,086)	(135,784)	(191,900)	--	(5,455,770)	(5,067,147)	(388,623)	--	(5,455,770)

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(All Amounts in **ﷲ** unless otherwise stated)

**15. REVENUE**

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e., on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	<b>Three-month period ended 31 March 2026 (Unaudited)</b>		
	<b>Kingdom of Saudi Arabia</b>	<b>International Countries</b>	<b>Total</b>
	<b>ﷲ</b>	<b>ﷲ</b>	<b>ﷲ</b>
Apparels	763,435,455	342,061,674	1,105,497,129
Footwear & accessories	27,587,398	5,686,287	33,273,685
Others	6,694,966	68,039	6,763,005
Fashion retail	797,717,819	347,816,000	1,145,533,819
Food & beverages	69,660,000	--	69,660,000
Electronics	149,380,200	--	149,380,200
<b>Total revenue</b>	<b>1,016,758,019</b>	<b>347,816,000</b>	<b>1,364,574,019</b>

	<b>Three-month period ended 31 March 2025 (Unaudited)</b>		
	<b>Kingdom of Saudi Arabia</b>	<b>International Countries</b>	<b>Total</b>
	<b>ﷲ</b>	<b>ﷲ</b>	<b>ﷲ</b>
Apparels	816,084,976	295,228,836	1,111,313,812
Footwear & accessories	18,718,635	5,815,030	24,533,665
Others	9,016,865	188,626	9,205,491
Fashion retail	843,820,476	301,232,492	1,145,052,968
Food & beverages	80,019,000	64,508	80,083,508
Electronics	106,888,904	--	106,888,904
<b>Total revenue</b>	<b>1,030,728,380</b>	<b>301,297,000</b>	<b>1,332,025,380</b>

**16. COST OF REVENUE**

	<b>Three-month period ended 31 March 2026 (Unaudited)</b>	<b>Three-month period ended 31 March 2025 (Unaudited)</b>
	<b>ﷲ</b>	<b>ﷲ</b>
Cost of sales	968,998,331	923,764,750
Employees' salaries and benefits	117,419,076	112,409,337
Depreciation on right-of-use asset	65,433,709	68,188,153
Rent expense	30,383,633	28,876,143
Depreciation on property and equipment	24,953,550	25,706,152
Utilities and maintenance	12,688,812	8,263,933
Bank charges	2,402,385	1,836,468
Insurance	1,788,658	1,490,030
Travelling	1,508,107	2,612,143
Government fees and related charges	572,095	1,012,831
Amortization on intangible assets	297,949	286,362
Others	9,549,205	7,037,589
	<b>1,235,995,510</b>	<b>1,181,483,891</b>

**AFG International Company (a Saudi Joint Stock Company)**  
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**17. OTHER OPERATING EXPENSES & INCOME**

**a) OTHER OPERATING EXPENSES**

	Three-month period ended 31 March 2026 (Unaudited)	Three-month period ended 31 March 2025 (Unaudited)
Tax expense	2,317,539	--
Provision for assets	423,822	5,092,881
Foreign exchange loss, net	--	808,256
Others - other operating expense	195,998	1,022,569
	<b>2,937,359</b>	<b>6,923,706</b>

**b) OTHER OPERATING INCOME**

	Three-month period ended 31 March 2026 (Unaudited)	Three-month period ended 31 March 2025 (Unaudited)
Foreign exchange gain, net	5,397,549	--
Income from owners of new malls	4,689,868	4,151,396
Income sub-franchise	2,640,989	3,404,480
Gain on lease termination	--	530,150
Gain on disposal of brands	21	21,881,521
Others - other operating income	2,601,975	2,880,869
	<b>15,330,381</b>	<b>32,848,416</b>

**18. RELATED PARTIES**

Related parties comprise shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

The Ultimate Parent Company is Al Futtaim Group LLC domiciled in United Arab Emirates, which is the shareholder of Al Futtaim Retail Company (the direct parent to the Company) domiciled in Saudi Arabia (Note 1), and Al Futtaim Private Company LLC (an intermediate parent of Al Futtaim Retail Company) domiciled in United Arab Emirates.

**A. KEY MANAGEMENT PERSONNEL AND BOD COMPENSATION**

Key management personnel compensation is comprised as follows:

	Three-month period ended 31 March 2026 (Unaudited)	Three-month period ended 31 March 2025 (Unaudited)
Salaries and short-term benefits	2,622,809	8,050,400
Post-employment benefits	173,184	413,388
Board of Directors and board committees' remuneration and compensation	--	3,237,300
<b>Total key management compensation</b>	<b>2,795,993</b>	<b>11,701,088</b>

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**18. RELATED PARTIES (CONTINUED)**

**B. OTHER RELATED PARTIES TRANSACTIONS AND BALANCES**

Major transactions and balances with related parties, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	For the period ended	
			31 March 2026 (unaudited) ﷲ	31 March 2025 (unaudited) ﷲ
Al Futtaim Private Company LLC	Intermediate parent	Accrued interest	29,289,316	--
		Guarantee fee	8,340,263	--
Metropol Group - Uzbekistan	Affiliate	Loan payment	4,918,021	--
		Interest	408,387	131,038
Orient Insurance Company	Affiliate	Insurance services	1,559,581	--
Saudi Retail Academy	Affiliate	Training services	764,784	817,962
		HRDF Received	--	3,408,123
Egyptian Center for Real Estate Development	Investee	Rental	7,373	167,538
Food and entertainment co Ltd*	Affiliate	Payments made on behalf of the Group	--	14,633,099
Arabian Centers Company*	Affiliate	Rentals	--	59,512,410
Wonderful Meals Co. Ltd.	Affiliate	Purchase of goods	7,862,204	5,498,043
Support Human Resource Company*	Affiliate	Services	--	7,281,649
Hajen Co. Ltd. *	Affiliate	Printing and advertisement	--	92,372

\* These entities were considered related parties until 14 September 2025 representing the date of the private share purchase agreement.

Outstanding balances with related parties are summarized below:

Name of related party	Relationship	31 March 2026 ﷲ	31 December 2025 ﷲ
Saudi Retail Academy	Affiliate	(626,413)	138,371
Wonderful Meals Co. Ltd.	Affiliate	(84,869)	5,070,456
Metropol Group - Principal	Affiliate	(2,531,009)	(7,449,030)
Metropol Group - Interest	Affiliate	(1,137,364)	(1,654,763)
Orient Insurance Company	Affiliate	(1,559,581)	--
Al Futtaim Private Company LLC	Intermediate parent	(1,407,765,877)	(1,378,476,561)

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**19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

**A. ACCOUNTING CLASSIFICATION AND FAIR VALUES**

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI and FVTPL equity investments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair hierarchy value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 March 2026 (Unaudited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
<b>FVOCI – equity instruments</b>					
Egyptian Centres for Real Estate Development (ECRED)	96,385,790	--	--	96,385,790	96,385,790
	31 December 2025 (Audited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	110,313,732	--	--	110,313,732	110,313,732

**FINANCIAL LIABILITIES**

All financial liabilities are measured at amortized cost using the effective interest rate method and as a result the carrying amounts are reasonable approximation of its fair values.

**B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS**

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments

Type	Valuation technique and significant unobservable inputs
<b>Equity securities</b>	<p>The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- the expected cash flows were higher (lower); or</li> <li>- the risk-adjusted discount rate was lower (higher).</li> </ul>

# AFG International Company (a Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements

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(All Amounts in ﷲ unless otherwise stated)

### 19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

#### C. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk arising from financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.
- Geopolitical risk.

The Group manages its financial risks through management's day-to-day processes under the oversight of the Board of Directors.

#### C-1. CREDIT RISK

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
	<b>ﷲ</b>	<b>ﷲ</b>
Cash at banks	<b>192,830,511</b>	225,276,051
Receivable from disposal of subsidiaries	<b>16,023,390</b>	15,941,958
Security deposits	<b>12,405,298</b>	12,801,988
Advances and other receivables	<b>96,446,708</b>	85,429,181
	<b>317,705,907</b>	339,449,178

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB to A+.
- The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers.
- The financial position of related parties is stable. There were no past due or impaired receivables from related parties.

#### C-2. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments.

#### C-3. MARKET RISK

Market risk is the risk that changes in the market prices – such as foreign exchange rates and commission rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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**19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

**C-4. GEOPOLITICAL RISK**

The Gulf region witnessed escalating geopolitical tensions, leading to a significant increase in global oil prices and volatility in regional and global financial markets, as well as disruptions to transportation, shipping, and supply chains in the region. As of the date of approval of the financial statements, the geopolitical situation remains evolving and unstable, and these developments may have a potential impact on the Group's operations, supply chains, or operating costs in future periods. Management continues to monitor these developments on an ongoing basis and take appropriate action when necessary, however, the financial impact of these developments cannot currently be reliably estimated.

**20. COMMITMENTS AND CONTINGENCIES**

- A.** As at the reporting date, the Group is committed to capital expenditures of ﷲ 4.3 million (31 December 2025: ﷲ 8.7 million) to purchase property and equipment.
- B.** As at the reporting date, the Group has outstanding contingencies:

Type	Nature	31 March 2026	31 December 2025
		(Unaudited)	(Audited)
		ﷲ	ﷲ
Letter of credits	Purchase of retail trading inventory	<b>103,269,885</b>	106,368,671
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	<b>562,851,885</b>	548,372,555

**21. DISPOSAL OF BRANDS**

The Group disposed of three brands during the comparative period ended 31 March 2025. The resulting gain on disposal of those Brands are as follows:

	Three-months ended 31 March 2025
Assets	ﷲ
Property and equipment	9,630,110
Inventories	123,973
<b>Net assets disposed off</b>	<b>9,754,083</b>
Consideration	31,635,604
<b>Gain</b>	<b>21,881,521</b>

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**22. DISPOSAL OF BRANDS (DISCONTINUED OPERATIONS)**

The Profit and Loss Statement for discontinued brands in 2026 and 2025 is presented below:

	<b>Three-months ended 31 March 2026 (Unaudited)</b>	<b>Three-months ended 31 March 2025 (Unaudited)</b>
Revenue	647,320	22,865,217
Cost of revenue	(1,762,739)	(34,068,966)
<b>Gross loss</b>	<b>(1,115,419)</b>	<b>(11,203,749)</b>
Other operating income	217,840	663,317
Selling and distribution expenses	176,834	(729,915)
Other operating expense	--	(1,764,240)
<b>Operating loss</b>	<b>(720,745)</b>	<b>(13,034,587)</b>
Net finance costs	(400,990)	(1,238,534)
<b>Loss before zakat and income tax</b>	<b>(1,121,735)</b>	<b>(14,273,121)</b>
Zakat and Income tax expense	-	-
<b>Loss for the period from discontinued operations</b>	<b>(1,121,735)</b>	<b>(14,273,121)</b>

Below Assets and Liabilities classified as held for sale:

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
<b>Assets</b>		
Property and equipment	-	-
Right of use assets	27,921,698	28,540,003
Goodwill and intangible assets	-	-
<b>Non-current assets</b>	<b>27,921,698</b>	<b>28,540,003</b>
Inventories	2,022,676	2,299,350
Cash and cash equivalents	-	-
<b>Current assets</b>	<b>2,022,676</b>	<b>2,299,350</b>
<b>Total assets classified as held for sale</b>	<b>29,944,374</b>	<b>30,839,353</b>
<b>Liabilities</b>		
Lease liabilities	28,746,158	29,088,885
Post-employment benefits	293,626	282,588
<b>Non-Current liabilities</b>	<b>29,039,784</b>	<b>29,371,473</b>
Lease liabilities – current portion	3,458,515	3,455,173
Trade and other payables	2,902,441	3,334,340
<b>Current liabilities</b>	<b>6,360,956</b>	<b>6,789,513</b>
<b>Total liabilities</b>	<b>35,400,740</b>	<b>36,160,986</b>
<b>Total liabilities relating to assets classified as held for sale</b>	<b>35,400,740</b>	<b>36,160,986</b>

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**23. COMPARATIVE FIGURES**

During the period, Management identified certain comparative figures that require reclassifications to selected line items in the interim condensed consolidated statement of financial position to ensure consistency with the Group's consolidated financial statements. The following table summarizes major changes in the comparative information as follows:

	31-Dec 2025	31-Dec 2025	31-Dec 2025
	<b>As reported</b>	<b>Reclassification</b>	<b>Reclassified</b>
Security deposits	15,398,822	(2,596,834)	12,801,988
<b>Non-current assets</b>	<b>2,999,651,031</b>	<b>(2,596,834)</b>	<b>2,997,054,197</b>
Trade Receivables, Prepayments and Other Receivables	154,784,252	4,856,320	159,640,572
Current assets	992,977,780	4,856,320	997,834,100
<b>Total assets</b>	<b>4,023,468,164</b>	<b>2,259,486</b>	<b>4,025,727,650</b>
Trade and other payables	899,816,631	2,259,486	902,076,117
Current liabilities	2,538,158,806	2,259,486	2,540,418,292
<b>Total liabilities</b>	<b>5,489,671,594</b>	<b>2,259,486</b>	<b>5,491,931,080</b>
<b>Total equity and liabilities</b>	<b>4,023,468,164</b>	<b>2,259,486</b>	<b>4,025,727,650</b>