

AL-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Listed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Listed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI LISTED JOINT STOCK COMPANY

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Al Saif Stores for Development and Investment Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the consolidated financial statements of the Group, which comprise the following:

- The consolidated statement of financial position as at 31 December 2025;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI LISTED JOINT STOCK COMPANY

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
<ul style="list-style-type: none"> • With reference to the accounting policy relating to the revenue recognition, the Group's revenues for the year ended 31 December 2025 amounted to SR 758.8 million (2024: 731.5 million) (Refer Note 22). • Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements. • Revenue is recognized when product and services are provided the customer. • Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition was considered as a key audit matter. <p>Refer to material accounting policy information in note 4.17 for revenue recognition policy, and note 22 for more detail of revenue in the consolidated financial statements.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessment of the appropriateness of the Group's revenue recognition policy based on IFRS 15 "Revenue from contracts with customers". • Evaluation of the design and implementation of key controls in relation to the recognition of revenue; • Tested a sample of recorded revenue transactions by comparing them to supporting documents to verify that the revenue was appropriately recognized and had actually occurred.; • Inspected a test of a sample of contract with customers to evaluate the contractual arrangements and other supporting documents; • Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases; and • Assessing the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

OTHER INFORMATION

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI LISTED JOINT STOCK COMPANY

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI LISTED JOINT STOCK COMPANY

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI LISTED JOINT STOCK COMPANY

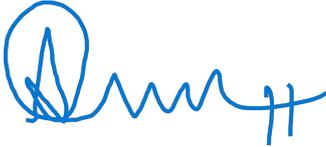
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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

PKF Al-Bassam
Chartered Accountants



Ahmed Abdul Majeed Mohandis
Certified Public Accountant
License No. 477
Riyadh, Kingdom of Saudi Arabia
06 Ramadhan 1447H
Corresponding to: 23 February 2026



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AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

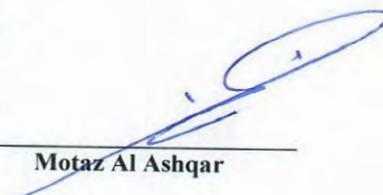
	Note	31 December 2025 س.ع	31 December 2024 س.ع
ASSETS			
Non-current assets			
Property and equipment, net	6	158,066,233	172,418,574
Right-of-use assets, net	7	199,678,664	174,531,393
Intangible assets, net	8	1,742,808	1,200,402
Total non-current assets		359,487,705	348,150,369
Current assets			
Inventories, net	9	355,675,171	282,746,598
Trade and other receivables, net	10	4,481,207	6,646,552
Advances, prepayments and other receivables	11	45,250,635	35,066,488
Cash and cash equivalents	12	25,867,429	68,422,738
Total current assets		431,274,442	392,882,376
Total assets		790,762,147	741,032,745
Equity			
Share capital	13	350,000,000	350,000,000
Additional capital contribution		156,431	156,431
Statutory reserve	14	5,100	5,100
Retained earnings		146,283,245	89,049,599
Total equity		496,444,776	439,211,130
Liabilities			
Non-current liabilities			
Long-term lease liabilities	7	167,121,796	147,648,164
Provision for employees' benefits	15	12,667,569	11,119,073
Total non-current liabilities		179,789,365	158,767,237
Current liabilities			
Short-term lease liabilities	7	31,707,267	27,090,616
Short term loan	16	-	65,350,019
Trade payables	17	55,656,502	27,540,380
Advances, accruals and other payables	18	18,133,502	15,767,128
Dividends payable	19	23,752	23,752
Zakat provision	20	9,006,983	7,282,483
Total current liabilities		114,528,006	143,054,378
Total liabilities		294,317,371	301,821,615
Total equity and liabilities		790,762,147	741,032,745
Contingencies and commitments	21		



Ahmed Al Sultan
CEO



Suleiman bin Muhammad bin
Saleh Alsaif
Chairman



Motaz Al Ashqar
Financial Manager

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)

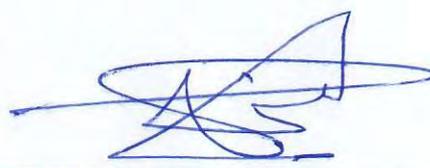
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025	31 December 2024
Revenue	22	758,846,574	731,551,279
Cost of revenue		(580,858,518)	(618,600,307)
Gross profit		177,988,056	112,950,972
Selling and distribution expenses	23	(60,252,683)	(61,083,441)
General and administrative expenses	24	(47,347,184)	(38,397,179)
Operating profit		70,388,189	13,470,352
Finance costs	25	(11,398,001)	(20,599,251)
Other income	26	7,565,120	51,899,103
Gain on sale of financial assets at FVTPL	27	503,749	81,352
Net profit for the year before zakat		67,059,057	44,851,556
Zakat expense	20	(9,027,686)	(7,312,000)
Net profit for the year		58,031,371	37,539,556
Other comprehensive loss			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial loss on re-measurement of employees' benefits obligations	15	(797,725)	(881,128)
		(797,725)	(881,128)
Total comprehensive income for the year		57,233,646	36,658,428
Basic and diluted earnings per share (ﷲ)	28	0.17	0.11



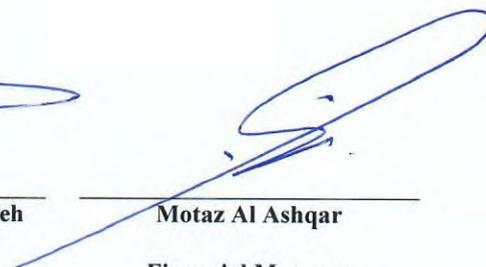
Ahmed Al-Sultan

CEO



Suleiman bin Muhammad bin Saleh

Alsaif
Chairman



Motaz Al Ashqar

Financial Manager

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AL-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)

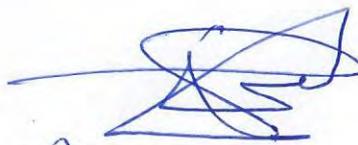
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

Note	Share capital ﷲ	Additional capital contribution ﷲ	Statutory reserve ﷲ	Retained earnings ﷲ	Total ﷲ
Balance as of 1 January 2024	350,000,000	156,431	5,100	52,391,171	402,552,702
Net profit for the year	-	-	-	37,539,556	37,539,556
Other comprehensive loss	-	-	-	(881,128)	(881,128)
Total comprehensive income	-	-	-	36,658,428	36,658,428
Balance as at 31 December 2024	350,000,000	156,431	5,100	89,049,599	439,211,130
Balance as of 1 January 2025	350,000,000	156,431	5,100	89,049,599	439,211,130
Net profit for the year	-	-	-	58,031,371	58,031,371
Other comprehensive loss	-	-	-	(797,725)	(797,725)
Total comprehensive income	-	-	-	57,233,646	57,233,646
Balance as at 31 December 2025	350,000,000	156,431	5,100	146,283,245	496,444,776

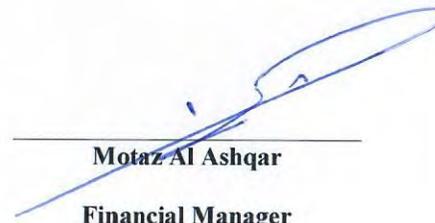


Ahmed Al Sultan

CEO



Suleiman bin Muhammad
bin Saleh Alsaif
Chairman

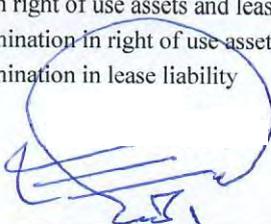


Motaz Al Ashqar
Financial Manager

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AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	For the year ended 31 December	
		2025	2024
		S/	S/
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year before zakat		67,059,057	44,851,556
<i>Adjustments for:</i>			
Depreciation of property and equipment	6	21,951,609	21,219,869
Depreciation of right-of-use assets	7	37,374,480	32,722,639
Amortization of intangible	8	398,431	393,667
Gain on sale of financial assets at FVTPL	27	(503,749)	(81,352)
Provision for employees' benefits	15	1,663,289	1,604,770
Provision for expected credit loss	10	1,333,185	128,771
Gain on disposal of property and equipment	26	(326,699)	(43,002,331)
Gain on lease termination		(2,020,330)	(271,077)
Provision for slow-moving goods	9	1,683,009	-
Finance costs	25	11,398,001	20,599,251
		140,010,283	78,165,763
Changes in operating assets and liabilities:			
Trade receivables, net		832,160	5,580,655
Inventories, net		(74,611,582)	126,867,849
Advances, prepayments and other receivables		(10,184,147)	19,587,235
Trade payables		28,116,122	(12,873,311)
Due to related parties		-	(7,451,431)
Advances, accruals and other payables		3,347,774	(1,166,603)
		87,510,610	208,710,157
Employees' benefits paid	15	(1,525,518)	(2,365,841)
Zakat paid	20	(7,303,186)	(4,574,787)
Net cash flows generated from operating activities		78,681,906	201,769,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		469,358	97,012,226
Addition of property and equipment	6	(7,741,927)	(32,742,510)
Addition of intangible assets	8	(940,837)	(111,206)
Purchase of financial assets at FVTPL	27	(251,022,267)	(10,058,280)
Proceeds from sale of financial assets FVTPL	27	251,526,016	10,139,632
Net cash flows (used in) / generated from investing activities		(7,709,657)	64,239,862
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	19	-	(11,123)
Finance cost paid		(2,452,206)	(14,944,794)
Proceeds from short-term loans	16	43,726,908	245,632,097
Repayments of short-term loans	16	(109,076,927)	(410,941,194)
Lease liabilities paid	7	(45,725,333)	(41,470,310)
Net cash flows used in financing activities		(113,527,558)	(221,735,324)
Net change in cash and cash equivalents		(42,555,309)	44,274,067
Cash and cash equivalents at beginning of year	12	68,422,738	24,148,671
Cash and cash equivalents at end of the year	12	25,867,429	68,422,738
The non-cash transactions:			
Increase in right of use assets and lease liabilities	7	70,387,297	23,910,841
Lease termination in right of use asset		7,865,546	40,477,750
Lease termination in lease liability		9,885,876	40,748,827
			
Ahmed Al Sultan			
CEO			
			
Suleiman bin Muhammad bin Saleh Alsaif			
Chairman			
			
Motaz Al Ashqar			
Financial Manager			

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES

Al Saif Stores for Development and Investment Company (the “Company”) and its subsidiaries (together the “Group”) is a Saudi Joint-Stock Company which was established in accordance with the Companies Law in the Kingdom of Saudi Arabia under commercial registration number 1010111193 and unified national number 7018060504 issued in Riyadh on 18 Dhu al-Hijjah 1413H corresponding to 09 September 1993. The Company was converted from a limited liability company to a closed joint stock company on 23 Muharram 1436H corresponding to 16 November 2014 as per the approval of the Ministry of Commerce and Industry No. 322 /s. On 07 Muharram 1445H corresponding to 25 July 2023 as per the approval of the Capital Market Authority (CMA), the status of the Company has been changed to Joint Stock Company.

The principle activity of the Group is the sale and import of household utensils, wholesale and retail trade in household utensils, electrical appliances, cleaning supplies, general contracting activity, construction, repair, restoration and demolition of buildings and public construction of road works, water and sewage works, dams, drilling wells, maintenance and operation of electrical, mechanical and electronic installations, landscaping and blacksmithing, carpentry, aluminum, decoration, gypsum, decoration, maintenance and cleaning works, management and operation of cities, utilities, buildings and public and private facilities, buying and owning real estate and lands to construct buildings on them.

As at 31 December 2025, the total number of branches leased by the Group were 73 (31 December 2024: 73), operating in the Kingdom of Saudi Arabia, United Arab Emirates, Kuwait, Sultanate of Oman and Qatar under the trademark of "Al Saif Gallery".

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The Group manages business through the following subsidiaries:

Name of subsidiaries	Location	% of shareholding	
		31 December 2025	31 December 2024
Al Saif Gallery Trading	UAE	100%	100%
Al Saif Gallery Kuwait	Kuwait	100%	100%
Al Saif Gallery Oman	Oman	100%	100%
Al Saif Gallery Qatar	Qatar	100%	100%

The head office of the Group is located at P.O. Box 10448, Riyadh 11626, Kingdom of Saudi Arabia.

The following are the branches of the Group:

C.R. Name	Unified National Number	City
Branch of Al-Saif Stores Development and Investment Company	7006766682	Riyadh
Branch of Al-Saif Stores Development and Investment Company	7014262740	Hafar Al-Batin
Branch of Al-Saif Stores Development and Investment Company	7011320848	Skaka
Al-Saif Household Utensils, Branch of Al-Saif Stores Development and Investment Company	7014697572	Khamis Mushait
Branch of Al-Saif Stores Development and Investment Company	7013719971	Najran
Branch of Al-Saif Stores Development and Investment Company	7011838609	Dhahran
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7014914662	Jazan
Al-Saif Gallery for Household Utensils, Branch of Al-Saif Stores Development and Investment Company	7013445007	Makkah
Branch of Al-Saif Stores Development and Investment Company	3350038998	Hail
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7013025569	Bisha
Branch of Al-Saif Stores Development and Investment Company	7013226357	Dammam
Branch of Al-Saif Stores Development and Investment Company	7011519191	Hofuf
Branch of Al-Saif Stores Development and Investment Company	7013987123	Kharj

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES (CONTINUED)

The following are the branches of the Group (Continued):

C.R. Name	Unified National Number	City
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7006392851	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	7014350396	Medina
Branch of Al-Saif Stores Development and Investment Company	7012377755	Buraydah
Branch of Al-Saif Stores Development and Investment Company	7014777176	Tabuk
Branch of Al-Saif Stores Development and Investment Company	7013987123	Kharj
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7006392851	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	7014350396	Medina
Branch of Al-Saif Stores Development and Investment Company	7012377755	Buraydah
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7011641664	Jedda
Branch of Al-Saif Stores Development and Investment Company	7011779233	Abha
Branch of Al-Saif Stores Development and Investment Company	7003765679	Khafji
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7007552602	yanbu
Al-Saif Hall for household utensils, Branch of Al-Saif Stores Development and Investment Company	7012651415	Riyadh
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7003784902	Alrass
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	7002576721	Jubail
Branch of Al-Saif Stores Development and Investment Company	1010183788	Riyadh
Branch of Al-Saif Stores Development and Investment Company	7005514752	Unaizah
Branch of Al-Saif Stores Development and Investment Company	7005514679	Albaha
Al-Saif Stores Development and Investment Company	7008895281	Dawadmi
Al-Saif Gallery Trading	7015454031	Mahayel Aseer
Branch of Al-Saif Stores Development and Investment Company	7001692826	Riyadh
Branch of Al-Saif Stores Development and Investment Company	7008415130	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010672622	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2051232518	khobar
Suleiman Mohammad Al-Saif Gallery for household utensils, branch of Al-Saif Stores Company for Development and Investment	7011451650	Makkah
Branch of Al-Saif Stores Development and Investment Company	7026561246	Arar
Branch of Al-Saif Stores Development and Investment Company	2050089147	Qatif
Branch of Al-Saif Stores Development and Investment Company	4031088383	Al qonfoza
Branch of Al-Saif Stores Development and Investment Company	5900029071	Sabya
Branch of Al-Saif Stores Development and Investment Company	7008415130	Warehouse
Al Saif Gallery Trading – Abu Dhabi	4605329	Abu Dhabi
Al Saif Gallery Trading -Ajman	201819494	Ajman
Al Saif Gallery Kuwait	468654	Kuwait
Al Saif for Development and Investment	1515501	Oman
Al Saif Gallery	196193	Qatar

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. BASIS OF PREPARATION (CONTINUED)

2.2 BASIS OF MEASUREMENT

These consolidated financial statements are prepared under the historical cost method except for the following:

- a) Investments that are measured at fair value; and
- b) Employees' post-employment benefits recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Riyals (ﷲ) which is the functional and presentation currency.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the parent company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

When the group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. BASIS OF PREPARATION (CONTINUED)

2.5. NEW STANDARDS, AMENDED STANDARDS AND INTERPRETATIONS

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's Consolidated Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in the year 2025

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

New standards, amendments, and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. **BASIS OF PREPARATION (CONTINUED)**

2.5. **NEW STANDARDS, AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)**

New standards, amendments, and revised IFRS issued but not yet effective (continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.

Management anticipates that these new standards interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. **USE OF ESTIMATES AND JUDGMENTS**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses stated in the consolidated financial statements and the accompanying notes. Although these estimates are based on the best information available to management, final actual results may differ from these estimates.

Impairment of financial assets

The implementation of business model approach under IFRS 9 requires judgement to ensure that financial assets of the Group are classified in to the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows. Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy or has failed on the repayments of principal and interest. In other circumstances, the Group uses judgment in order to determine whether a financial asset may be impaired using Expected Credit Loss ("ECL") model. The Group uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, the Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current, and forecast information.

3.1 **ESTIMATES**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The areas involving a higher degree estimates are significant to the consolidated financial statements are as follows:

Provision for slow-moving inventories

The management makes a provision for slow moving items. Estimates of net recoverable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring on or subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of year.

Provision for zakat

Management has assessed the zakat position having regard to the local zakat legislation, decrees issued periodically and conventions. Interpretation of such legislation decrees and conventions are not always clear and entail completion of assessment by the Zakat, Tax and Customs Authority ("ZATCA").

Actuarial valuation of employees' post-employment benefits

The cost of the post-employment benefits ("employee benefits") under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and rate of employee turnover. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 ESTIMATES (CONTINUED)

Impairment of non-financial asset

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated. For further detail, please refer 4.3.

Determination of discount rate for present value calculations

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group.

3.2 JUDGMENTS

The areas involving a higher degree of judgments and are significant to the consolidated financial statements are as follows:

Useful lives of property and equipment and intangibles

As described in note 4.1, the Group estimates the useful lives of property and equipment and intangibles at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on the going concern basis.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

4.1 PROPERTY AND EQUIPMENT

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	<u>Depreciation rate</u>
Buildings	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter
Vehicles	25%
Furniture and office equipment	10%
Decorations	5-50%
Computers and office equipment	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted whenever appropriate as changes in accounting estimate in the year where the change take place and the following years.

Capital work in progress

Capital work in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to bringing the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4. **MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.2 **INTANGIBLE ASSETS**

Items of intangibles are measured at cost less accumulated amortization and any accumulated impairment losses. If significant parts of an item of intangibles have different useful lives, then they are accounted for as separate items (major components) of intangibles. Any gain or loss on disposal of an item of intangibles is recognized in profit or loss. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortization is calculated to write off the cost of items of intangible less their estimated residual values using the straight line method over the estimated useful lives, and is recognized in profit and loss. The estimated useful lives are as follows:

Asset	Amortization rate
Software	20%

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.3 **IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest group of assets that generates cash inflows from continuing use, namely CGU, that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of cash and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The impairment losses are recognized in profit or loss.

4.4 **LEASES**

The Group as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

Right-of-use assets

The Group shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated amortization and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group shall discount lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Group should use the incremental borrowing rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4. LEASES (CONTINUED)

The Group as lessee (continued)

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

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

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

The Group did not make any such adjustments during the periods presented.

Lease termination

The Group accounts for lease terminations as lease modifications. Upon termination of a lease, the related lease liability is derecognized and the corresponding right-of-use asset is reduced to nil. Any difference between the carrying amount of the lease liability derecognized and the carrying amount of the right-of-use asset written off, together with any termination penalties paid or receivable, is recognized immediately in the Statement of profit and loss and other comprehensive income.

Short term lease contracts

The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less or leases of low-value assets. The Group recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Extension options

In case of leases that provide extension options, the Group assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Group reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

The Group as lessor

When the Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether the lease term is for a major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4. LEASES (CONTINUED)

The Group as lessor (continued)

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- (a) Fixed payments;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

4.5 INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, goods costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary form of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with original maturities of three months or less (if any), which are available to the Group without any restrictions.

4.7 FINANCIAL INSTRUMENTS

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Classification and measurement of financial assets and financial liabilities

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 FINANCIAL INSTRUMENTS (CONTINUED)

Classification and measurement of financial assets and financial liabilities (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument. The Group measures loss provisions at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Group applies the simplified approach to estimate ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4 **MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.7 **FINANCIAL INSTRUMENTS (CONTINUED)**

Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities:

Financial liabilities are classified as measured at amortized cost or FVTPL. The financial liabilities are classified at FVTPL if they are classified as held-for-trading, they are derivative, or they are designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial assets

A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the Group's consolidated statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired.
- The Group has transferred its rights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting

IFRS 9 hedge accounting requirements do not apply to the Group since it does not have any hedging contracts. The adoption of IFRS 9 as at 1 January 2020 did not have any material impact on the Group's consolidated financial statements.

4.8 **OFFSETTING**

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.9 **PROVISION FOR EMPLOYEE BENEFIT'S**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' post-employment benefits

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 PROVISION FOR EMPLOYEE BENEFIT'S (CONTINUED)

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

4.10 SEGMENT REPORTING

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Group. All operational results of the operating segments are reviewed by the Group's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

4.11 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the Group's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

4.12 CONTINGENT ASSET AND LIABILITIES

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

4.13 BORROWINGS

Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the consolidated statement of profit or loss.

4.14 PROVISIONS

A provision is recognized if, as a result of a past event, the Group has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation.

4.15 TRADE PAYABLES AND ACCRUALS

Liabilities are recognized for amounts due and to be paid in the future for goods or services received, whether billed by the supplier or not.

4.16 ZAKAT

The Group is subject to Zakat as per the regulations of Zakat, Tax and Customs Authority (ZATCA). Accrued Zakat is recognized and charged to profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Group in the period in which the final assessments are finalized.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 REVENUE RECOGNITION

The Group recognizes revenue under IFRS 15 using the following five- steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer.

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identifying performance obligations

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Identify the transaction price

The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocation of transaction price

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

Revenue is recognized only when the Group satisfies a performance obligation by transferring control to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Group identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Group believes that it fulfills its performance obligations in its contracts with customers at a point in time, and hence it recognizes revenue as and when it fulfills its obligations under contracts with customers. The Group is engaged in the sale and import of household utensils and wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia, United Arab Emirates and Kuwait. Revenue from the sale of goods is recognized when the Group sells a product to the customer.

Other revenue is recorded in consolidated statement of profit or loss when matured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 COST OF REVENUE

The cost of revenue incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses, packing and packaging expenses, and good shipping and unloading expenses.

4.19 EXPENSES

Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses, excluding cost of sales and financial costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

4.20 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss.

4.21 DIVIDENDS

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

4.22. FOREIGN OPERATIONS

As at the reporting date, the assets and liabilities of the subsidiaries are translated into Saudi Riyal (SAR), at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statements of profit or loss are translated at the average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of other comprehensive income as a separate component of equity.

4.23. CURRENT VS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. RELATED PARTIES

The related parties are the Shareholders of the Group and the Companies owned by the shareholders (associated companies). The terms of these transactions are approved by the Group's management.

The following are the most important transactions with related parties and the balances resulting from them:

Description	Relationship	Nature of transactions	For the year ended	
			31 December 2025	31 December 2024
Nawat Real Estate Investment Company	Affiliate	Rent expense & expense on behalf of the Group	2,405,448	27,766,817
		Sales	48,147	-
		Rental expenses	11,558,588	-
Suleiman Muhammad Salih Al-Saif	Shareholder / Chairman	Financing received	-	20,000,000
		Expenses paid on behalf of the shareholder	-	96,276
		Sale of land and building	-	97,000,000
Muhammad Suleiman Al Saif	Shareholder	Expenses paid on behalf of the shareholder	-	1,598,412
		Financing received	-	15,000,000
Haithem Suleiman Al Saif	Shareholder	Sales	-	156,043
Muhannad Suleiman Al Saif	Shareholder	Sales	-	40,458
*Ahmed bin Suleiman Al-Saif	Deputy Chairman	Sales	-	44,299
Al-Saif Coffee Trading Company	Affiliate (Related to Board Member)	Purchases	64,430	1,485,576
Al-Saif Commercial Agencies Company	Affiliate (Related to Chairman of the Board)	Purchases	-	4,238,532
Al-Saif Plus Company	Affiliate (Related to Board Member)	Purchases	11,682,621	15,816,422

* Mr Ahmed bin Suleiman Al-Saif served till 26th September 2025.

Remunerations of the Group's key management personnel

Key management personnel are those persons, including the Board of Directors, Managing Director, Chief Financial Officer and top executives having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. Transactions with key management personnel includes fees, basic salaries, bonuses and other benefits as per the Group's policies, which are as follows:

	Nature of transaction	31 December 2025	31 December 2024
		ﷲ	ﷲ
Board of directors	Remuneration	1,227,500	1,130,000
Key management personnel	Remuneration	8,621,583	5,351,481
	Allowances and short-term benefits	1,192,373	701,916
		11,041,456	7,183,397

AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI LISTED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. **PROPERTY AND EQUIPMENT, NET**

	Land	Buildings	Leasehold improvements	Vehicles	Furniture and Office equipment	Decorations	Computers and office equipment	Capital work in progress (CWIP)	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
<u>Cost:</u>									
Balance as at 01 January 2025	36,589,785	45,306,195	44,527,399	11,135,575	5,191,316	120,734,624	11,794,069	136,289	275,415,252
Additions during the year	-	888,599	897,874	950,376	117,988	4,545,222	341,868	-	7,741,927
Disposals during the year	-	-	-	(624,483)	-	-	-	(136,289)	(760,772)
Balance as at 31 December 2025	36,589,785	46,194,794	45,425,273	11,461,468	5,309,304	125,279,846	12,135,937	-	282,396,407
<u>Accumulated depreciation:</u>									
Balance as at 01 January 2025	-	10,636,074	21,319,249	7,850,387	2,733,361	53,567,320	6,890,287	-	102,996,678
Depreciation for the year	-	2,128,153	5,191,164	1,407,408	429,980	11,771,897	1,023,007	-	21,951,609
Disposals during the year	-	-	-	(618,113)	-	-	-	-	(618,113)
Balance as at 31 December 2025	-	12,764,227	26,510,413	8,639,682	3,163,341	65,339,217	7,913,294	-	124,330,174
<u>Net book value as at:</u>									
31 December 2025	36,589,785	33,430,567	18,914,860	2,821,786	2,145,963	59,940,629	4,222,643	-	158,066,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. PROPERTY AND EQUIPMENT, NET (CONTINUED)

	Land	Buildings	Leasehold improvements	Vehicles	Furniture and Office equipment	Decorations	Computers and office equipment	Capital work in progress (CWIP)	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Cost:									
Balance as at 01 January 2024	70,055,190	28,411,818	40,729,367	9,067,927	4,479,341	109,608,918	10,828,380	25,456,166	298,637,107
Additions during the year	-	6,828,388	4,649,802	2,072,456	727,266	10,197,216	950,031	7,317,351	32,742,510
Transferred from CWIP	-	29,032,753	32,360	-	52,692	3,484,565	34,858	(32,637,228)	-
Disposals during the year	(33,465,405)	(18,966,764)	(884,130)	(4,808)	(67,983)	(2,556,075)	(19,200)	-	(55,964,365)
Balance as at 31 December 2024	36,589,785	45,306,195	44,527,399	11,135,575	5,191,316	120,734,624	11,794,069	136,289	275,415,252
Accumulated depreciation:									
Balance as at 01 January 2024	-	8,769,602	17,440,083	6,652,372	2,419,713	42,592,026	5,857,483	-	83,731,279
Depreciation for the year	-	2,275,326	4,723,100	1,201,263	371,824	11,600,353	1,048,003	-	21,219,869
Disposals during the year	-	(408,854)	(843,934)	(3,248)	(58,176)	(625,059)	(15,199)	-	(1,954,470)
Balance as at 31 December 2024	-	10,636,074	21,319,249	7,850,387	2,733,361	53,567,320	6,890,287	-	102,996,678
Net book value as at:									
31 December 2024	36,589,785	34,670,121	23,208,150	3,285,188	2,457,955	67,167,304	4,903,782	136,289	172,418,574

During the year 2024, land and building having book value of ﷲ 53.77 million were sold to chairman of the Group at a price of ﷲ 97 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. **PROPERTY AND EQUIPMENT, NET (CONTINUED)**

Depreciation expense is allocated to the expense items as follows:

	Note	31 December 2025	31 December 2024
		ﷲ	ﷲ
Cost of revenue		21,031,771	20,527,719
General and administrative expenses	24	919,838	692,150
		<u>21,951,609</u>	<u>21,219,869</u>

7. **RIGHT OF USE ASSET AND LEASE LIABILITIES**

a) **Right-of-use assets, net**

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Balance as at 01 January	174,531,393	223,820,941
Additions during the year*	70,387,297	23,910,841
Amortization for the year**	(37,374,480)	(32,722,639)
Termination during the year	(7,865,546)	(40,477,750)
Balance as at 31 December	<u>199,678,664</u>	<u>174,531,393</u>

* Addition relates to renewal of lease contracts during the year.

** Amortization expense is charged to cost of revenue.

b) **Lease liabilities:**

- The movement is as follows:

Lease liabilities	Note	31 December 2025	31 December 2024
		ﷲ	ﷲ
Balance as at 01 January		174,738,780	224,954,309
Additions during the year		70,387,297	23,910,841
Finance charge on lease liabilities	25	9,314,195	8,092,767
Paid during the year		(45,725,333)	(41,470,310)
Termination during the year		(9,885,876)	(40,748,827)
Balance as at 31 December		<u>198,829,063</u>	<u>174,738,780</u>

Lease liabilities are stated in the consolidated statement of financial position as follows:

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Current portion	31,707,267	27,090,616
Non-current portion	167,121,796	147,648,164
Total lease liabilities	<u>198,829,063</u>	<u>174,738,780</u>

The statement of profit or loss shows the following amounts relating to leases:

	Note	31 December 2025	31 December 2024
		ﷲ	ﷲ
Amortization expense for right of use assets		37,374,480	32,722,639
Finance charge on lease liabilities	25	9,314,195	8,092,767
Expense related to short term leases		36,301,852	37,591,945
Total amounts recognized in consolidated profit or loss		<u>82,990,527</u>	<u>78,407,351</u>

A discount rate ranging from 4.08% to 6.16% (2024: 3.58% to 5.64%) has been used. Various depreciation rates have been used over life of each contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. **RIGHT OF USE ASSET AND LEASE LIABILITIES (CONTINUED)**

b) Lease liabilities (continued):

Maturity profile of lease liabilities:

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Less than 1 year	41,710,600	34,947,122
More than 1 year less than 5 years	135,397,541	111,662,246
5 years onwards	65,853,104	67,566,918
Total undiscounted lease liabilities	242,961,245	214,176,286
Less: finance cost	(44,132,182)	(39,437,506)
	198,829,063	174,738,780

8. **INTANGIBLE ASSETS, NET**

	<u>Computer software</u>	
	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
<u>Cost:</u>		
Balance as at 01 January	1,992,150	1,880,944
Additions	940,837	111,206
Balance as at 31 December	2,932,987	1,992,150
<u>Accumulated amortization:</u>		
Balance as at 01 January	791,748	398,081
Charge for the year*	398,431	393,667
Balance as at 31 December	1,190,179	791,748
Net book value	1,742,808	1,200,402

*The amortization expense is charge to general and administrative expenses (note 24).

9. **INVENTORIES, NET**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Finished goods	359,763,560	274,362,654
Goods in transit	-	10,789,324
Provision for slow-moving goods	(4,088,389)	(2,405,380)
	355,675,171	282,746,598

The following is the movement on the slow-moving goods allowance::

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Balance as at 01 January	2,405,380	2,405,380
Charge for the year	1,683,009	-
Balance as at 31 December	4,088,389	2,405,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

10. **TRADE AND OTHER RECEIVABLES, NET**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
<i>Financial Assets carried at amortized cost - unsecured</i>		
Trade and other receivables	6,371,601	7,203,761
Less: Provision for expected credit loss	(1,890,394)	(557,209)
	<u>4,481,207</u>	<u>6,646,552</u>

A summary of movements in provisions for expected credit loss is as follows:

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Balance as at 01 January	557,209	428,438
Charge for the year (note 23)	1,333,185	128,771
Balance as at 31 December	<u>1,890,394</u>	<u>557,209</u>

11. **ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Advances to suppliers	22,465,870	4,729,282
Prepaid expenses	11,276,530	15,086,245
Prepaid rent	6,126,864	10,442,668
Others	3,922,142	3,537,830
	<u>43,791,406</u>	<u>33,796,025</u>
<i>Financial Assets carried at amortized cost - unsecured</i>		
Letters of credit margin	652	42,600
Employee custodies and advances	1,458,577	1,227,863
	<u>1,459,229</u>	<u>1,270,463</u>
	<u>45,250,635</u>	<u>35,066,488</u>

12. **CASH AND CASH EQUIVALENTS**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Cash on hand	1,409,459	1,487,194
Cash at banks - current accounts	24,457,970	66,935,544
	<u>25,867,429</u>	<u>68,422,738</u>

13. **SHARE CAPITAL**

The Group's Capital as on 31 December 2025 is ﷲ 350 million (31 December 2024: ﷲ 350 million) distributed over 350 million (31 December 2024: 350 million) shares, with a nominal value of ﷲ 1 per share (31 December 2024: ﷲ 1 per share).

14. **STATUTORY RESERVE**

As for the consolidated financial statements, a statutory reserve has been formed for Al Saif Gallery Trading (UAE) in accordance with the articles of incorporation, so that no less than 5% of the net profits are provided annually to form the statutory reserve. Provision may be stopped if the statutory reserve reaches half of the capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

15 **PROVISION FOR EMPLOYEES' BENEFITS**

During the year the actuarial valuations of the defined benefit obligations were carried out under the projected unit credit method.

Provision for employees' end of service benefits recognized in the consolidated statement of financial position:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>ﷲ</u>	<u>ﷲ</u>
The present value of the defined benefit obligation	<u>12,667,569</u>	<u>11,119,073</u>

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 01 January		11,119,073	10,473,016
Current service cost		1,663,289	1,604,770
Interests on current service cost	25	613,000	526,000
Paid during the year		(1,525,518)	(2,365,841)
Loss from re-measurement of employees' benefits obligations		797,725	881,128
Balance as at 31 December		12,667,569	11,119,073

Amount recognized in the consolidated statement of profit or loss for the year ended.

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Service cost		1,663,289	1,604,770
Interest on current service cost	25	613,000	526,000
		<u>2,276,289</u>	<u>2,130,770</u>

Amounts recognized in the consolidated statement of the other comprehensive income for the year ended.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Actuarial (loss) / gain due to change in financial assumption	(84,000)	220,000
Actuarial (loss) due to change in experience assumptions	(713,725)	(1,101,128)
	<u>(797,725)</u>	<u>(881,128)</u>

Following are the major assumptions used:

	<u>31 December 2025</u>	<u>31 December 2024</u>
- Number of employees	1198	1,222
- Rate of change in salary (% per annum)	1%	1%
- Average age of employees (years)	35	34
- Discount rate	5.1%	5.2%
- Employee turnover (withdrawal) rates	Moderate	Moderate

The duration of the defined benefit obligation is 7 years (31 December 2024: 7 years).

Sensitivity analysis of significant actuarial assumptions:

	Change in assumption	<u>Increase / (decrease) in present value of employee's post-employment benefit liability</u>	
- Discount rate	+1%	11,661,000	(6.32%)
- Discount rate	-1%	13,362,000	7.34%
- Long term salary	+1%	13,392,000	7.58%
- Long term salary	-1%	11,624,000	(6.62%)
- Employee turnover rate	+1%	12,673,000	1.81%
- Employee turnover rate	-1%	12,187,000	(2.10%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

16. **SHORT TERM LOAN**

Murabaha entered with local banks at competitive interest rates represented in agreements to buy goods and Murabaha contracts against the following guarantees:

- Signing on a promissory note
- A letter and facilities and Murabaha agreements.
- Other financial and administrative terms and conditions.
- A joint guarantee, a fine, a performance guarantee, and a personal guarantee from one of the shareholders.

Movement of short-term loan during the year

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Balance at 01 January	65,350,019	230,659,116
Borrowings collected during the year	43,726,908	245,632,097
Less: payments made during the year	<u>(109,076,927)</u>	<u>(410,941,194)</u>
Balance at 31 December	<u>-</u>	<u>65,350,019</u>

*The Group was in compliance with all covenants as at 31 December 2025 and 31 December 2024.

17. **TRADE PAYABLES**

Trade payable includes amount payable to supplier for goods and installation services.

18. **ADVANCES, ACCRUALS AND OTHER PAYABLES**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
<i>Financial Liabilities carried at amortized cost - unsecured</i>		
Value Added Tax payable	6,033,441	4,528,100
Employees vacation accrual	4,853,178	4,060,456
Deferred revenue	3,215,721	1,411,293
Advance from customers	1,796,460	2,437,122
Ticket accrual	1,110,494	1,053,645
Accrued interest	-	981,400
Other accruals	1,124,208	1,295,112
	<u>18,133,502</u>	<u>15,767,128</u>

19. **DIVIDENDS PAYABLE**

No dividend has been declared for the year ended 31 December 2025 (31 December 2024: nil).

20. **ZAKAT PROVISION**

a) **Movement in zakat provision for the year ended:**

	31 December 2025	31 December 2024
	<u>ﷲ</u>	<u>ﷲ</u>
Balance at 01 January	7,282,483	4,545,270
Zakat charge for the year	9,006,983	7,312,000
Paid during the year	<u>(7,303,186)</u>	<u>(4,574,787)</u>
Prior period adjustment	20,703	-
Balance at 31 December	<u>9,006,983</u>	<u>7,282,483</u>

b) **Status of zakat assessment**

Zakat return for the year ended 31 December 2024 has been filed and are under review with the Zakat, Tax and Customs Authority ("ZATCA"). The Group has obtained a certificate from the ZATCA valid 13 Dhu Al-Qidah 1447H corresponding to 30 April 2026. The Group has closed all zakat assessments up to 2024. The Group has no open assessment orders to the date of issuance of consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

21. **COMMITMENTS AND CONTINGENCIES**

a) **Commitments**

Commitments represent open letters of credit for purchasing goods of ₪ 25.81 million from local banks at 31 December 2025 (31 December 2024: ₪ 47.35 million).

b) **Contingencies**

There are no contingencies made by the Group at 31 December 2025 and 31 December 2024.

22. **REVENUE**

	31 December 2025	31 December 2024
	<u>₪</u>	<u>₪</u>
Revenue	<u>758,846,574</u>	<u>731,551,279</u>

The Group's revenue of ₪ 697.0 million (31 December 2024: ₪ 677.9 million) and ₪ 61.8 million (31 December 2024: ₪ 53.7) relates to business within KSA and outside KSA respectively.

All revenues are recognized at point in time.

23. **SELLING AND DISTRIBUTION EXPENSES**

	31 December 2025	31 December 2024
	<u>₪</u>	<u>₪</u>
Advertisement expense	34,001,714	33,706,642
Utilities	9,822,210	9,988,583
Bank charges	4,036,467	3,734,515
Government related expenses	3,475,362	3,000,727
Rent expenses	1,780,701	1,750,687
Provision for expected credit loss	1,333,185	128,771
Repair and maintenance expenses	848,790	861,231
Travel and accommodation expense	271,479	365,762
Others	4,682,775	7,546,523
	<u>60,252,683</u>	<u>61,083,441</u>

24. **GENERAL AND ADMINISTRATIVE EXPENSES**

	31 December 2025	31 December 2024
	<u>₪</u>	<u>₪</u>
Wages and salaries	29,748,409	23,653,905
Rent expense	5,984,117	4,983,438
Travel and accommodation expense	1,277,018	919,631
Computer, office equipment and publications	1,206,872	1,361,360
Legal and professional*	1,086,895	784,038
Depreciation of property and equipment (note 6)	919,838	692,150
Temporary labor wages	623,064	1,075,677
Amortization of intangible assets (note 8)	398,431	393,667
Utilities	369,626	363,106
Telecommunication	231,877	516,921
Others	5,501,037	3,653,286
	<u>47,347,184</u>	<u>38,397,179</u>

*The professional fees for auditing the annual consolidated financial statements and reviewing the interim condensed consolidated financial statements for the Group amounted ₪ 0.48 million (2024: ₪ 0.48 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

25. **FINANCE COSTS**

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Finance charge on the lease liabilities (note 7)	9,314,195	8,092,767
Finance cost on short term loan	1,470,806	11,980,484
Interest on the provision for employee benefit (note 15)	613,000	526,000
	11,398,001	20,599,251

26. **OTHER INCOME AND EXPENSE, NET**

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Rental income	3,916,327	3,484,657
Income from delivery services	2,109,946	3,147,491
Gain on lease termination	2,020,330	271,077
Others	(808,182)	1,993,547
Gain on disposal of property and equipment	326,699	43,002,331
	7,565,120	51,899,103

27. **GAIN ON SALE OF FINANCIAL ASSETS AT FVTPL**

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Additions during the year	251,022,267	10,058,280
Disposals during the year	(251,526,016)	(10,139,632)
Gain on sale of financial assets at FVTPL	503,749	81,352

28. **BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit for the period with number of shares as at year end. Diluted earnings per share is the same as basic earnings per share since the Group does not have any diluted instruments.

Number of shares has been calculated using the weighted average number of shares outstanding during the year.

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Net profit for the year	58,031,371	37,539,556
Weighted average number of shares	350,000,000	350,000,000
Earnings per share (ﷲ)	0.17	0.11

29. **FINANCIAL RISK MANAGEMENT**

The Group's principal financial liabilities consist of trade payables, lease liabilities, due to a related parties, loans and other payables.

The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as cash and cash equivalents, trade and other receivables and due from related parties which arise directly from its operations, and employees' loans and advances.

The Group is exposed to market risk, credit risk, liquidity risk and operational risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The management reviews and agrees policies for managing each of these risks which are summarized below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

29. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

a) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, profit rate risk and price risk such as equity price risk.

- **Interest rate risk**

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Management monitors the changes in interest rates risks i.e. SAIBOR and believes that interest rate risks to the Group are not significant as all such facilities are on short term basis.

- **Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to currency risk on purchases. The majority of the Group's transactions are denominated in Saudi Riyals and US Dollars which have a fixed exchange rate. Therefore, they are not considered to represent a significant risk to the Group. The Group exposure to foreign currency risk is primarily limited to transactions in Arab Emirates Dirham ("AED"), Kuwaiti Dinar (KWD), Omani Riyal (OMR) and Qatari Riyal (QAR). The Group is not exposed to foreign currency fluctuation risk arising from the AED and OMR as this is pegged to USD.

Sensitivity analysis relating to currency risk is not presented as the currency risk relating to Kuwaiti Dinar is not significant to the Group.

- **Profit rate risk**

The Group's financial assets and liabilities subject to profit rate risk are not considered to represent a significant risk to the Group.

- **Equity price risk**

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in value of individual shares. During the year, the Group has quoted investments carried at FVTPL where the impact of changes in equity prices will be reflected due to fair value changes, on disposal or when they are deemed to be impaired. Changes in fair value and impairment losses or losses arising on disposal are recognized in profit or loss. As at 31 December 2025, the Group has no investment in equity securities subject to equity price risk.

b) **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Group is not exposed to credit risk from its operating activities (primarily for trade receivables). The Group has no significant concentration of credit risk. Cash is placed with local banks having sound credit ratings.

All financial assets of the Group are categorized at amortized cost. The maximum exposure to credit risk at year end is the carrying amount of the financial assets as set out below:

	As at 31 December 2025	As at 31 December 2024
	SAR	SAR
Cash at bank	24,457,970	66,935,544
Trade receivables	6,371,601	7,203,761
Other receivables	1,459,229	1,270,463
	32,288,800	75,409,768

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis, the receivable balances are monitored with the result that the Group's exposure to bad debts is not significant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

29. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

b) **Credit risk (continued)**

The carrying amount of financial assets represents the maximum credit exposure Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings of A+ to BBB+.
- The receivables are shown net of allowance for impairment of trade receivables and sales returns.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures.

The aging analysis of these trade and other receivables is as follows:

31 December 2025

	<u>0 – 90 days</u>	<u>91 – 180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Above 365 days</u>	<u>Total</u>
Trade receivables	4,383,579	492,269	140,454	66,169	1,289,130	6,371,601
Less: ECL allowance	(456,657)	(71,905)	(30,421)	(42,281)	(1,289,130)	(1,890,394)
Net trade receivables	3,926,922	420,364	110,033	23,888	-	4,481,207

31 December 2024

	<u>0 – 90 days</u>	<u>91 – 180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Above 365 days</u>	<u>Total</u>
Trade receivables	3,187,563	1,340,375	1,300,033	131,311	1,244,479	7,203,761
Less: ECL allowance	-	(20,732)	(37,234)	(9,254)	(489,989)	(557,209)
Net trade receivables	3,187,563	1,319,643	1,262,799	122,057	754,490	6,646,552

Calculation of loss allowance

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

Loss given default is the estimated percentage of the outstanding receivable balance that will not be recovered when a customer defaults on their payment obligation.

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

c) **Liquidity risk**

Liquidity risk is the risk that a Group has difficulties in obtaining the financing necessary to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risk is managed by regularly monitoring the adequacy of available liquidity through committed credit facilities and the Group's shareholders to meet the Group's obligations and commitments when due. The Group aims to maintain a balance between continuity of funding and flexibility. The Group also has short-term banking facilities from local banks that are renewed annually and used as needed.

All financial liabilities of the Group are categorized at amortized cost. The following are the contractual maturities of financial liabilities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

29. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

c) **Liquidity risk (continued)**

31 December 2025	Carrying amount	Total	Less than 1 year	1 – 5 years	More than 5 years
	I-----Contractual cash flows-----I				
<i>Non-derivative financial liabilities</i>					
Lease liabilities	198,829,063	242,961,245	41,710,600	135,397,541	65,853,104
Trade payables	55,656,502	55,656,502	55,656,502	-	-
Dividends payable	23,752	23,752	23,752	-	-
Advances, accruals and other payables	18,133,502	18,133,502	18,133,502	-	-
	272,642,819	316,775,001	115,524,356	135,397,541	65,853,104

31 December 2024	Carrying amount	Total	Less than 1 year	More than 1 year but less than 5 years	More than 5 years
	I-----Contractual cash flows-----I				
<i>Non-derivative financial liabilities</i>					
Lease liabilities	174,738,780	214,176,286	34,947,122	111,662,246	67,566,918
Short term loan	65,350,019	65,350,019	65,350,019	-	-
Trade payables	27,540,380	27,540,380	27,540,380	-	-
Dividends payable	23,752	23,752	23,752	-	-
Advances, accruals and other payables	15,767,128	15,767,128	15,767,128	-	-
	283,420,059	322,857,565	143,628,401	111,662,246	67,566,918

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to equity. Net debt is calculated as short-term loan less cash and cash equivalents.

d) **Capital risk management**

The Board's policy is to maintain an efficient capital base to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to shareholders.

The Group's objectives when managing capital are:

- 1) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- 2) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group adjust the amount of dividends paid to shareholders. The Group mainly relies on its operations to meet its capital expenditures.

30. **FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

30. FAIR VALUE MEASUREMENT (CONTINUED)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The carrying values of all financial instruments reflected in these consolidated financial statements approximate their fair values except for investment in subsidiary which are reflected at cost less impairment losses, if any.

31. OPERATING SEGMENT

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Group operates on one segment of selling and importing of household utensils and electrical appliances therefore operating segment information is not applicable to the Group.

32. SEASONAL CHANGES

The operations and revenues of the Group are affected by seasonal factors based on the variation of consumption and demand between the seasons. The management of the Group seeks to minimize the seasonal impact by managing inventories to meet demand during the year.

33. SUBSEQUENT EVENTS

There are no further significant subsequent events since the year-end that require disclosure or adjustment in the consolidated financial statements.

34. BOARD OF DIRECTORS APPROVAL

The Group's consolidated financial statements for the year 2025 have been approved by the Board of Directors on 16th February 2026 (corresponding to 28 Shaban 1447H).