

SAUDI MARKETING COMPANY
(FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2026
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

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

TO THE SHAREHOLDERS OF SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Marketing Company (Farm Superstores) (the "Company") and its subsidiary (the "Group") as of June 30, 2026 which comprises:

- The consolidated interim statement of financial position as of June 30, 2026;
- The consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended;
- The consolidated interim statement of changes in equity for the six-month period then ended;
- The consolidated interim statement of cash flows for the six-month period then ended; and
- The notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

OTHER MATTER

The consolidated financial statements for the year ended December 31, 2025 and the condensed consolidated interim financial statements of the Group for the three-month and six-month periods ended June 30, 2025 were audited and reviewed by another auditor, respectively, whose audit report dated April 05, 2026 and review report dated August 12, 2025 expressed an un-modified opinion and conclusion, respectively.

PKF Al-Bassam Chartered Accountants



Ibrahim Ahmed Al Bassam
Certified Public Accountant

License No. 337

Khobar: Safar 27, 1448H

Corresponding to: August 10, 2026



SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2026

		June 30, 2026	December 31, 2025
	Note	(Unaudited)	(Audited)
		ﷲ	ﷲ
ASSETS			
Non-current assets			
Property and equipment	5	676,277,767	718,715,363
Right of use assets		588,288,750	602,230,675
Net investment in sublease		27,637,378	-
Intangible assets		399,852	445,391
Investment properties	5	71,613,787	28,235,616
Investments in equity instruments designated at fair value through other comprehensive income (FVOCI)		1,332,707	1,424,145
		<u>1,365,550,241</u>	<u>1,351,051,190</u>
Current assets			
Inventories		1,031,022,876	1,048,408,184
Trade receivables		10,971,972	7,827,332
Prepaid expenses and other assets		23,024,406	56,227,518
Due from a related party	7	1,818,300	4,586,996
Net investment in sublease – current portion		1,422,678	-
Investments in equity instruments designated at fair value through profit or loss (FVTPL)		10,590,114	10,770,849
Cash and cash equivalent		13,027,340	15,735,067
		<u>1,091,877,686</u>	<u>1,143,555,946</u>
TOTAL ASSETS		<u>2,457,427,927</u>	<u>2,494,607,136</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		450,000,000	450,000,000
Statutory reserve		103,299,728	103,299,728
Retained earnings		170,327,747	157,325,199
Fair value reserve of investment in equity instruments designated at fair value through other comprehensive income (FVOCI)		74,878	166,316
Equity attributable to the shareholders of the Group		<u>723,702,353</u>	<u>710,791,243</u>
Non-controlling interest		(733,442)	(522,712)
Total equity		<u>722,968,911</u>	<u>710,268,531</u>
Non-current liabilities			
Term loans	6	66,388,889	53,888,888
Lease liabilities		651,887,878	641,877,649
Employees' end of service benefits		78,085,164	75,520,224
		<u>796,361,931</u>	<u>771,286,761</u>
Current liabilities			
Trade payables, accrued expenses and other liabilities		213,976,165	323,797,395
Term loans – current portion	6	69,166,667	61,034,447
Short term loans	6	563,000,000	547,000,000
Lease liabilities – current portion		88,700,919	70,002,914
Advances against sub lease		763,076	3,052,302
Zakat accrual	9	2,490,258	8,164,786
		<u>938,097,085</u>	<u>1,013,051,844</u>
TOTAL LIABILITIES		<u>1,734,459,016</u>	<u>1,784,338,605</u>
TOTAL EQUITY AND LIABILITIES		<u>2,457,427,927</u>	<u>2,494,607,136</u>


 Hazem Fayeze Al Aswad
 Chairman


 Maher Hazem Fayeze Al Aswad
 Chief Executive Officer


 Salman Ejaz Khawaja Ejaz Ur Rehman
 Chief Financial Officer

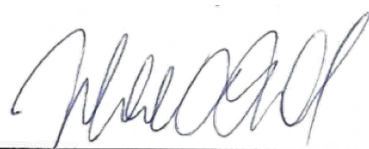
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

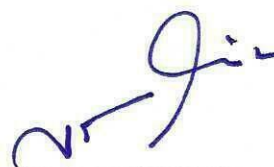
	Note	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2026	2025	2026	2025
		ﷲ	ﷲ	ﷲ	ﷲ
Revenue	10	417,707,215	438,010,648	860,209,979	907,664,821
Cost of revenue		(277,615,279)	(291,250,192)	(570,944,129)	(606,248,287)
Gross profit		140,091,936	146,760,456	289,265,850	301,416,534
Selling and distribution expenses		(93,926,267)	(96,780,769)	(191,541,305)	(193,190,389)
General and administrative expenses		(25,465,979)	(24,774,466)	(50,862,283)	(48,308,199)
Rental income		6,722,718	4,275,969	12,652,188	7,344,192
Operating profit		27,422,408	29,481,190	59,514,450	67,262,138
Finance costs		(20,745,313)	(19,808,683)	(40,882,764)	(42,997,172)
Other (expenses) / income, net		727,997	(1,259,620)	(3,979,615)	(8,712,678)
Profit before zakat		7,405,092	8,412,887	14,652,071	15,552,288
Zakat	9	(920,237)	(575,175)	(1,860,253)	(2,042,578)
Net profit for the period		6,484,855	7,837,712	12,791,818	13,509,710
Other comprehensive income for the period					
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Fair value gain / (loss) on re-measurement of investments in equity instruments designated at FVTOCI					
		258,312	68,578	(91,438)	32,003
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,743,167	7,906,290	12,700,380	13,541,713
Profit / (loss) for the period attributable to:					
Shareholders of the Group		6,587,158	7,878,230	13,002,548	13,598,074
Non-controlling interest		(102,303)	(40,518)	(210,730)	(88,364)
Profit for the period		6,484,855	7,837,712	12,791,818	13,509,710
Total comprehensive income / (loss) for the period attributable to:					
Shareholders of the Group		6,845,470	7,946,808	12,911,110	13,630,077
Non-controlling interest		(102,303)	(40,518)	(210,730)	(88,364)
Total comprehensive income for the period		6,743,167	7,906,290	12,700,380	13,541,713
Earnings per share – Basic and diluted					
Basic and diluted earnings per share	8	0.15	0.18	0.29	0.30



Hazem Fayeze Al Aswad
Chairman



Maher Hazem Fayeze Al Aswad
Chief Executive Officer



Salman Ejaz Khawaja Ejaz Ur Rehman
Chief Financial Officer

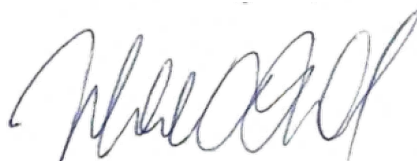
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SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

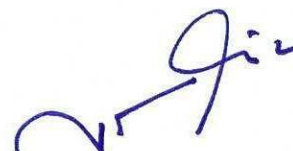
	Share capital	Statutory reserve	Retained earnings	Fair value reserve of investment in equity instruments designated at FVOCI	Equity attributable to shareholders	Non-controlling interests	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
January 1, 2025 (Audited)	450,000,000	103,299,728	132,183,146	(524,040)	684,958,834	(287,907)	684,670,927
Net profit / (loss) for the period	-	-	13,598,074	-	13,598,074	(88,364)	13,509,710
Other comprehensive income	-	-	-	32,003	32,003	-	32,003
Total comprehensive income / (loss) for the period	-	-	13,598,074	32,003	13,630,077	(88,364)	13,541,713
June 30, 2025 (Unaudited)	450,000,000	103,299,728	145,781,220	(492,037)	698,588,911	(376,271)	698,212,640
January 1, 2026 (Audited)	450,000,000	103,299,728	157,325,199	166,316	710,791,243	(522,712)	710,268,531
Net profit / (loss) for the period	-	-	13,002,548	-	13,002,548	(210,730)	12,791,818
Other comprehensive income	-	-	-	(91,438)	(91,438)	-	(91,438)
Total comprehensive income / (loss) for the period	-	-	13,002,548	(91,438)	12,911,110	(210,730)	12,700,380
June 30, 2026 (Unaudited)	450,000,000	103,299,728	170,327,747	74,878	723,702,353	(733,442)	722,968,911



Hazem Fayeze Al Aswad
Chairman



Maher Hazem Fayeze Al Aswad
Chief Executive Officer

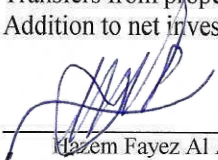


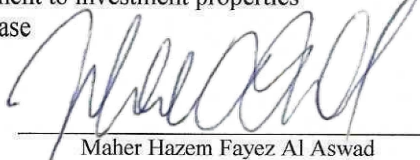
Salman Ejaz Khawaja Ejaz Ur Rehman
Chief Financial Officer

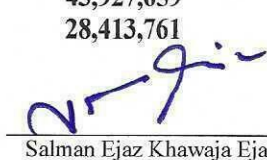
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2026

	For the six-month period ended June 30,	
	2026	2025
OPERATING ACTIVITIES	ﷲ	ﷲ
Profit before zakat:	14,652,071	15,552,288
<i>Adjustments for non-cash items:</i>		
Depreciation of property and equipment	36,051,166	33,888,583
Depreciation of right of use assets	36,585,878	36,218,285
Depreciation of investment properties	549,488	92,951
Amortization of intangible assets	54,547	118,032
Provision for employees' end of service benefits	5,932,842	6,074,098
(Gain) / loss on disposal of property and equipment	(567,710)	831,360
Allowance for obsolete/slow-moving inventories	2,014,520	2,352,928
(Gain) / loss on lease modification	(2,996,103)	4,516,299
Unrealized loss on investments in equity instruments designated at fair value through profit or loss	180,735	3,630,414
Finance income on net investment in sublease	(646,295)	-
Write offs of property and equipment	8,181,016	-
Finance costs	40,882,764	42,997,172
	140,874,919	146,272,410
<i>Changes in working capital:</i>		
Inventories	15,370,788	11,424,797
Trade receivables	(3,144,640)	(4,595,500)
Prepaid expenses and other assets	33,203,112	26,366,399
Due from a related party	2,768,696	1,060,985
Trade payables, accrued expenses and other liabilities	(112,010,689)	(61,082,701)
Advances against subleases	(2,289,226)	(2,312,371)
Cash generated from operations	74,772,960	117,134,019
Employees' end of service benefits paid	(3,367,902)	(2,422,666)
Finance costs paid	(19,850,315)	(24,603,721)
Zakat paid	(7,534,781)	(7,206,688)
Net cash flows generated from operating activities	44,019,962	82,900,944
INVESTING ACTIVITIES		
Additions to property and equipment	(45,847,587)	(51,530,712)
Additions to intangible assets	(9,008)	(43,516)
Proceeds from disposal of property and equipment	693,052	150,173
Additions to investments in equity instruments designated at FVTPL	-	(1,150,391)
Net cash flows used in investing activities	(45,163,543)	(52,574,446)
FINANCING ACTIVITIES		
Proceeds from loans	60,000,000	50,000,000
Repayment of loans	(39,367,779)	(28,532,944)
Net change in short-term loans	16,000,000	(4,188,641)
Repayment of lease liabilities	(38,196,367)	(47,798,542)
Net cash flows used in financing activities	(1,564,146)	(30,520,127)
Net change in cash and cash equivalents	(2,707,727)	(193,629)
Cash and cash equivalents at the beginning of the period	15,735,067	18,646,048
Cash and cash equivalents at the end of the period	13,027,340	18,452,419
SIGNIFICANT NON-CASH TRANSACTIONS		
Additions to right of use assets	48,138,388	134,744,775
Additions to lease liabilities	46,716,305	134,744,775
Termination of right of use assets	86,695	19,164,290
Termination of lease liabilities	76,777	14,647,991
Transfers from property and equipment to investment properties	43,927,659	-
Addition to net investment in sublease	28,413,761	-


Hazem Fayeze Al Aswad
Chairman


Maher Hazem Fayeze Al Aswad
Chief Executive Officer


Salman Ejaz Khawaja Ejaz Ur Rehman
Chief Financial Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

1. GENERAL INFORMATION

Saudi Marketing Company (Farm Superstores) (the “Company”) is a Listed Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia under Commercial Registration Number 2050006430 and Unified Number 7000971049 dated Muharram 2, 1399H (corresponding to December 03, 1978). The Company’s registered office is P.O. Box 4605, Dammam 31412, Kingdom of Saudi Arabia. The Company operates through the branches. The financial results of those branches are included in these condensed consolidated interim financial statements.

The Company is principally engaged in:

- Wholesale and retail of foodstuff, household consumables, toys, textiles and stationery;
- Marketing services on behalf of third parties and managing and operating bakeries;
- Managing and operating restaurants and coffee shops and providing fast food items and cold and hot beverages;
- Establishment, operation and maintenance of amusement centers.

As of June 30, 2026 authorized, issued and paid-up share capital comprises of 45 million shares of ₪ 10 each (December 31, 2025: 45 million shares of ₪ 10 each).

1.1 Details of Company’s subsidiary:

The condensed consolidated interim financial statements as of June 30, 2026 include the financial information of the Company and the following subsidiary (collectively referred to as “the Group”):

Name of subsidiary	Commercial Registration dated	Business activity	Effective ownership	
			June 30, 2026	December 31, 2025
Pure Springs Agencies and Trading Company Limited	Rabi I 29, 1448H (August 22, 2023)	Marketing services on behalf of third parties and managing and operating bakeries	90%	90%

The Company’s subsidiary is a limited liability company incorporated in the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2026 have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2025. In addition, results for the three-month and six-month periods ended June 30, 2026 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2026.

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept except for:

- The remeasurement of equity instruments at FVOCI and at FVTPL which are measured at fair values, and;
- Employees end of service benefits that have been measured at the present value using Projected Unit Credit method.

As of June 30, 2026, and December 31, 2025, the carrying values of the financial assets and financial liabilities approximate to their face values. Investment in equity instruments at FVOCI and FVTPL are determined at level 1 of the fair value hierarchy.

These condensed consolidated interim financial statements are presented in Saudi Riyals (₪), which is the Group’s functional currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements as of and for the year ended December 31, 2025, and the notes attached thereto, except for the below accounting policy of “net investment in sublease” which is applicable during the six-months period ended June 30, 2026 as the Group entered into such transactions in the said period.

3.1 Net investment in sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2 New amended standards and interpretations:

3.2.1 Standards and amendments effective in the current period:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the standards and amendments	Management impact
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of the 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.	The amendments have been adopted during the current period. The adoption did not have a material impact on the Group's condensed consolidated financial statements, as the Group's financial instruments and settlement arrangements were not significantly affected.
	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.	The amendments have been adopted during the current period. The adoption did not have a material impact on the Group's condensed consolidated financial statements, as the nature of the Group's operations and contractual arrangements did not result in any significant exposure to such contracts.

3.2.2 Standards and amendments issued but not yet effective:

The following standards and amendments have been issued but are not yet effective for the reporting period ended June 30, 2026, and have not been early adopted by the Group:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
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 the disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Group's consolidated financial position, consolidated financial performance or cash flows.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A LISTED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2 New amended standards and interpretations: (continued)

3.2.2 Standards and amendments issued but not yet effective: (Continued)

IFRS 18 PRESENTATION AND DISCLOSURE

IFRS 18 Presentation and Disclosures in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The Group has not early adopted the new accounting standard in preparing these condensed consolidated interim financial statements; however earlier application is permitted.

The assessment remains in progress and, accordingly, the actual impact of the adoption of IFRS 18 may differ from the Group's current preliminary assessment on condensed consolidated interim financial statements. Below are the results of the preliminary assessment:

a) Structure of the Statement of Profit or Loss

IFRS 18 requires entities to classify all income and expenses into categories in the consolidated interim statement of profit or loss – namely operating, investing, financing, zakat and income tax and discontinued operations. Classification of income and expenses depends on the main business activities of the entity. Based on the preliminary assessment of management the Group does not have a specified main business activity of providing finance to customers.

Neither net profit, nor net assets will change as a result of the Group's adoption of IFRS 18. The Group will be required to present one newly defined subtotal, which is profit or loss before financing and income taxes. However, as the operating profit subtotal differs from the subtotal currently presented, the Group is currently performing a gap analysis to assess the impact of the new presentation requirements.

b) Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the condensed consolidated interim financial statements that communicate to user's management's view of an aspect of the financial performance of the entity as a whole. The Group will be required to disclose specific information about MPMs in a single note in the condensed consolidated interim financial statements.

The Group is in process to determine which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the consolidated financial statements. Therefore, MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the 2027 interim reporting period.

c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in the condensed consolidated interim financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary condensed consolidated interim financial statements or disclosed in the notes.

The Group is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Group is also assessing line items currently labelled as 'other' and will use more informative labels, if required.

d) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the consolidated interim statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses profit for the year/period as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A LISTED JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026****4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements as of and for the year ended December 31, 2025.

5. PROPERTY AND EQUIPMENT

During the six-month period ended June 30, 2026, the Group purchased property and equipment with a cost of ₪ 45.8 million (June 30, 2025: ₪ 51.5 million) including additions to construction work in progress amounted to ₪ 40.82 million (June 30, 2025: ₪ 45.3 million) and disposed written off assets with a net book value of ₪ 8.3 million (June 30, 2025: ₪ 2.8 million). The depreciation charge for the six-month period ended June 30, 2026 amounted to ₪ 36.1 million (June 30, 2025: ₪ 33.9 million).

During the six-month period ended June 30, 2026, the Group transferred ₪ 43.9 million from property and equipment to investment properties following a change in use of a property from an owner-occupied property to a property held to earn rental income.

6. LOANS

		June 30, 2026	December 31, 2025
Classification of loans:	Notes	(Unaudited)	(Audited)
		₪	₪
Long term loans – non-current portion	6.1	66,388,889	53,888,888
– current portion	6.1	69,166,667	61,034,447
		135,555,556	114,923,335
Short term loans	6.2	563,000,000	547,000,000
		698,555,556	661,923,335

6.1 Long term loans

Various long-term loans facilities have been obtained from local commercial banks and are secured by promissory notes. These long-term loan facilities carry financial charges at normal commercial rates.

During the six-months period ended June 30, 2026, the Group obtained new loan facilities from local commercial banks amounted to ₪ 60 million with final maturity date in 2029. These loans are subject to mark-up at SIBOR plus margin and is secured by promissory notes.

During the year 2025, the Group obtained new loan facilities from a local commercial bank amounted to ₪ 110 million with final maturity date in 2028. This loan is subject to mark-up at SIBOR plus margin and is secured against promissory notes.

The loan agreements include covenants which among other things, require certain financial ratios to be maintained.

6.2 Short term loans

Short term loans have been obtained from local commercial banks with maturities of less than one year. The short term facilities are secured by promissory notes. The short-term facilities carry financial charges at normal commercial rates.

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7. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties and entities having common directorship. The significant transactions with related parties are as follows:

Related parties	Relationship	Nature of transaction	For the six-month period ended June 30,	
			2026 (Unaudited)	2025 (Unaudited)
			ﷲ	ﷲ
Al Karam Restaurant	Common directorship	Collection	-	88,671
Al Aswad Trading and Contracting Company	Common directorship	Rental and advances paid	2,085,365	636,275
		Purchases	366,522	-
		Rental income	242,750	349,990
Al Aswad Trading Company	Common directorship	Purchases	1,027,071	1,241,751
		Gondola, rental income and sales	91,280	101,515
		Payments	1,112,213	1,444,068
Space Travel and Tourism Agency	Common directorship	Purchases	458,990	747,195
		Payments	365,000	673,598
Al-Aswad for Real Estate Services Company	Common directorship	Collection	135,000	210,000

The above amounts of related party transactions are mentioned exclusive of VAT.

Due from a related party includes the following:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	ﷲ	ﷲ
Al Aswad Trading and Contracting Company	1,818,300	4,586,996
	1,818,300	4,586,996

Due to related parties classified under trade payables, accrued expenses and other liabilities includes the following:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	ﷲ	ﷲ
Al Aswad Trading Company	280,910	316,963
Space Travel and Tourism Agency	178,550	84,560
Al Aswad for Real Estate Services Company	239,699	84,449
	699,159	485,972

Pricing policies and terms of payments for the above transactions have been approved by the Group's management.

i. Remuneration of key management personnel and Board of Directors' of the Group during the period is as follows:

	For the six-month period ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
	ﷲ	ﷲ
Short term benefits	1,494,850	1,491,000
End of service benefits	124,571	124,250
Board of Directors' remuneration	700,000	700,000
	2,319,421	2,315,250

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8. EARNINGS PER SHARE FOR THE PERIOD (BASIC AND DILUTED)

Considering that Group does not have any dilutive instruments as of June 30, 2026 and 2025, diluted earnings per share was the same as basic earnings per share.

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
	ﷲ	ﷲ	ﷲ	ﷲ
Profit for the period attributable to the shareholders of the Group	6,587,158	7,878,230	13,002,548	13,598,074
	Share	Share	Share	Share
Weighted average number of ordinary shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
	ﷲ / Share	ﷲ / Share	ﷲ / Share	ﷲ / Share
Basic and diluted earnings per share	0.15	0.18	0.29	0.30

9. ZAKAT ACCRUAL

Status of assessments

The Company has submitted its declarations / returns for the years till 2025 with the Zakat, Tax and Customs Authority (ZATCA) and have obtained required certificates.

In 2021, the Company received Zakat assessment for the years 2019 and 2020 claiming additional Zakat liability aggregated to ﷲ 21 million which was subsequently reduced to ﷲ 14.6 million. The Company submitted a reconsideration request with Tax Violations and Disputes Appellate Committee (TVDAC) which was rejected in January 2025. Later on, the Company submitted another reconsideration request supported by new conclusive evidence. On June 24, 2026, the TVDAC has ruled against the Company. Management plans to file a further appeal against the decision. The Company submitted a request for an instalment plan to ZATCA with respect to the said Zakat liability to pay it over 24 months which has been duly accepted by ZATCA in 2024 and accordingly, the Company had recorded an accrual of ﷲ 14.6 million in the year 2024 and started paying the installments as per the agreed installment schedule. As of June 30, 2026, all the amounts have been shown in current liabilities under "Zakat accrual" as these are due within twelve months from the period ended June 30, 2026.

In December 2024, the Company received Zakat assessments for the years 2021 and 2022 claiming additional Zakat liability aggregated to ﷲ 7.1 million. On February 25, 2025, the Company filed an objection against the said assessments. In January 2025, the Company received an initial assessment for the year 2023 claiming an additional Zakat liability of ﷲ 3.2 million. Following the issuance of Ministerial Resolution (MR) 947 on February 14, 2025, which extended the period to apply Zakat regulation issued by MR 1007, the Company opted to apply MR 1007 on the years 2021, 2022 and 2023. ZATCA accepted Company's request and issued a revised assessment with additional Zakat liability of ﷲ 0.6 million for 2021, nil for 2022 nil and ﷲ 0.6 million for 2023. The Company accepted ZATCA's amended assessment and settled the additional liability in July 2025.

In April 2026, the Company received an initial assessment for the year 2024 claiming an additional zakat liability of ﷲ 0.06 million. The Company accepted ZATCA's assessment and settled the additional liability in May 2026.

Pure Springs Agencies and Trading Company Limited obtained its final Zakat assessments up to the year 2019. The Zakat declarations till the year 2025 have been submitted to ZATCA.

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10. SEGMENT REPORTING

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- The retail segment - this segment includes sale of goods to customers commonly at the store checkout for the sales via the Group's stores.
- The wholesale segment - this segment includes sale of goods to the wholesale customers.
- The entertainment service segment - this segment includes services provided by operating kids play grounds "Adventure World".

Segment results that are reported to the chief reporting decision maker for the purpose of making decisions about resource allocation and performance assessment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is measured based on segment revenues and net profit, as included in the internal management reports that are reviewed by the top management at least on quarterly basis.

All of the Group's operations are located in the Kingdom of Saudi Arabia. Control of products / services is transferred at a point in time and directly sold / provided to the customers.

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10. SEGMENT REPORTING (Continued)

The financial information as of June 30, 2026 and December 31, 2025 and for the six-month period ended on June 30, 2026 and June 30, 2025, summarized by each segment, is as follows:

	Retail	Wholesale	Entertainment	Total
	ﷲ	ﷲ	ﷲ	ﷲ
<u>As of June 30, 2026 (Unaudited)</u>				
Total assets	2,134,921,456	50,993	322,455,478	2,457,427,927
Total liabilities	1,573,281,543	-	161,177,473	1,734,459,016
<u>As of December 31, 2025 (Audited)</u>				
Total assets	2,195,593,799	79,585	298,933,752	2,494,607,136
Total liabilities	1,626,972,553	-	157,366,052	1,784,338,605
<u>For the period ended June 30, 2026 (Unaudited)</u>				
Revenue	806,847,014	1,694,629	51,668,336	860,209,979
Depreciation and amortization	54,507,313	28,588	18,705,178	73,241,079
Profit from operations	45,616,488	30,675	13,867,287	59,514,450
Net profit / (loss) for the period	6,842,971	(969,325)	6,918,172	12,791,818
<u>For the period ended June 30, 2025 (Unaudited)</u>				
Revenue	855,713,845	2,476,227	49,474,749	907,664,821
Depreciation and amortization	54,395,577	29,902	15,892,372	70,317,851
Profit from operations	44,352,468	192,834	22,716,836	67,262,138
Net profit / (loss) for the period	8,254,655	(1,807,166)	7,062,221	13,509,710

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11. CONTINGENCIES AND COMMITMENTS

As of June 30, 2026, the Group's bankers have issued payment guarantees, on behalf of the Group amounted to ₪ 19.6 million (December 31, 2025: ₪ 19.7 million) and letter of credits amounted to ₪ 3.14 million (December 31, 2025: ₪ 3.8 million). There is no material capital commitment related to the Group's capital work in progress.

12. GEOPOLITICAL DEVELOPMENTS

The Group continues to monitor the regional geopolitical developments and their potential impact on the Kingdom of Saudi Arabia and the broader Gulf Cooperation Council "GCC" environment although the majority of the Group's operations are conducted within Saudi Arabia. These developments have not had a material impact on the Group's condensed consolidated interim financial statements for the six-month period ended June 30, 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Group's business will continue to be assessed on future reporting dates.

13. SUBSEQUENT EVENTS

In the opinion of the management, there have been no other significant subsequent events since the period end that would have a material impact on the consolidated interim financial position of the Group as reflected in these condensed consolidated interim financial statements.

14. DATE OF AUTHORIZATION

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on Safar 26, 1448H corresponding to August 9, 2026.