

Fawaz Abdulaziz Al Hokair & Company
(Cenomi Retail)
(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements
(unaudited)

For the three-month period ended 31 March 2025
together with the

Independent Auditor's Review Report

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock company)
Interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

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

To the Shareholders of
Fawaz Abdulaziz Al Hokair & Company
(A Saudi Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fawaz Abdulaziz Al Hokair & Company (the "Company") and its subsidiaries (collectively referred as the "Group"), a Saudi Joint Stock Company as of 31 March 2025, the interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three-month period then ended and the condensed consolidated interim statements of changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELTAED TO GOING CONCERN

We draw attention to Note (3-2) of the accompanying interim condensed consolidated financial statements, which indicates that the Group incurred accumulated losses of ﷲ 1,605 million which exceeded share capital by ﷲ 457 million as of 31 March 2025. As of that date, the Group's current liabilities exceeded its current assets by ﷲ 2,892 million. In addition, the Group's total liabilities exceeded its total assets by ﷲ 1,016 million. These events or conditions, along with other matters as set forth in details in Note (3-2) of the accompanying interim condensed consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For Dr. Mohamed Al-Amri & Co.



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

Riyadh, on: 20Dhu Al-Qidah 1446 (H)
Corresponding to: 18 May 2025 (G)



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Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position

As at 31 March 2025

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Note</i>	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Property and equipment	6	1,083,725,106	1,081,016,664
Right-of-use assets		1,468,294,423	1,455,170,360
Goodwill and intangible assets		624,446,630	627,455,066
Investment property		1,111,800	1,142,400
Equity accounted investments	7	47,668,796	46,004,794
Investment in equity instruments at fair value through other comprehensive income	8	84,508,178	84,371,912
Non-current assets		3,309,754,933	3,295,161,196
Inventories	9	602,785,307	632,282,280
Advances, deposits and other receivables		234,577,347	169,214,627
Prepayments		47,018,511	35,000,720
Cash and cash equivalents		123,677,023	256,211,534
Current assets		1,008,058,188	1,092,709,161
Assets held for sale	20	100,824,371	197,819,749
Total assets		4,418,637,492	4,585,690,106
Equity			
Share capital		1,147,664,480	1,147,664,480
Foreign currency translation reserve		(616,811,239)	(617,207,523)
Fair value reserve		83,270,078	83,270,078
Accumulated losses		(1,605,122,496)	(1,606,933,730)
Equity attributable to the shareholders of the Company		(990,999,177)	(993,206,695)
Non-controlling interest		(24,969,218)	(24,928,877)
Total equity		(1,015,968,395)	(1,018,135,572)
Liabilities			
Loans and borrowings	10	56,252,894	82,449,030
Lease liabilities		1,291,157,290	1,188,752,144
Employee benefits		77,610,906	73,928,790
Non-Current liabilities		1,425,021,090	1,345,129,964
Loans and borrowings – current portion	10	1,569,746,634	1,760,169,911
Lease liabilities – current portion		299,512,507	358,309,583
Trade and other payables		1,947,347,099	1,799,511,077
Zakat and tax liabilities		83,169,485	99,228,865
Current liabilities		3,899,775,725	4,017,219,436
Liabilities associated with assets as held for sale	20	109,809,072	241,476,278
Total liabilities		5,434,605,887	5,603,825,678
Total equity and liabilities		4,418,637,492	4,585,690,106

The attached notes from 1 to 21 are an integral part of these interim condensed consolidated financial statements.

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


Ahmad Abdelkareem
Deputy Chief Financial
Officer


Salim Fakhouri
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Interim condensed consolidated statement of profit or loss

For the three-month period ended 31 March 2025

(All Amounts in Saudi Riyals unless otherwise stated)

	Note	Three-months Ended 31 March 2025 (Unaudited)	Three-months ended 31 March 2024 (Unaudited)
Revenue	13	1,334,751,738	1,200,510,736
Cost of revenue	14	(1,156,920,720)	(1,105,921,440)
Gross profit		177,831,018	94,589,296
Other operating income	15b	37,298,090	49,155,525
Selling and distribution expenses		(22,480,682)	(42,070,535)
General and administrative expenses		(61,430,969)	(85,335,610)
Depreciation on property and equipment		(30,595,028)	(27,518,610)
Depreciation on investment property		(30,600)	(30,600)
Amortization on intangible assets		(3,088,613)	(3,471,979)
Other operating expense	15a	(15,105,578)	(20,086,055)
Operating profit / (loss)		82,397,638	(34,768,568)
Losses from derivative liabilities		--	(14,748,640)
Finance costs over loans and borrowings		(34,081,034)	(50,405,563)
Finance costs over lease liabilities		(24,502,499)	(24,544,231)
Net finance costs		(58,583,533)	(89,698,434)
Share of loss of equity-accounted investee		(217,674)	(191,797)
Profit / (loss) before zakat and income tax		23,596,431	(124,658,799)
Zakat and Income tax expense		(8,921,187)	(11,783,583)
Profit / (loss) for the period from continuing operations		14,675,244	(136,442,382)
Loss for the period from discontinued operations	20 & 21	(12,888,968)	(15,293,162)
Profit / (loss) for the period		1,786,276	(151,735,544)
Profit / (loss) for the period is attributable to:			
Shareholders of the Company		1,811,234	(151,815,820)
Non-controlling interests		(24,958)	80,276
		1,786,276	(151,735,544)
Profit / (loss) per share			
Basic and diluted profit / (loss) per share			
- from continuing operations	11	0.13	(1.19)
- from discontinuing operations	11	(0.11)	(0.13)

The attached notes from 1 to 21 are an integral part of these interim condensed consolidated financial statements.


Ahmad Abdelkareem
Deputy Chief Financial Officer


Salim Fakhouri
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim condensed consolidated statement of Comprehensive income

For the three-month period ended 31 March 2025

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2025 (Unaudited)	For the three-month period ended 31 March 2024 (Unaudited)
Profit / (loss) for the period	1,786,276	(151,735,544)
Items that will not be reclassified to profit or loss:		
Changes in fair value through other comprehensive income investment	--	(10,832,999)
	--	(10,832,999)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation Differences	380,901	(38,476,946)
	380,901	(38,476,946)
Other comprehensive income for the period	380,901	(49,309,945)
Total comprehensive income for the period	2,167,177	(201,045,489)
Total comprehensive income for the period attributable to:		
- Shareholders of the Company	2,207,518	(200,378,286)
- Non-controlling interests	(40,341)	(667,203)
	2,167,177	(201,045,489)

The attached notes from 1 to 21 are an integral part of these interim condensed consolidated financial statements.


Ahmad Abdelkareem
Deputy Chief Financial Officer


Salim Fakhouri
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity

For the three-month period ended 31 March 2025

(All Amounts in Saudi Riyals unless otherwise stated)

	Share capital	Foreign currency translation reserve	Fair value reserve	(Accumulated losses)	Total shareholders' equity	Non- Controlling interest	Total equity
Balance at 1 January 2024	1,147,664,480	(564,513,223)	42,076,481	(1,403,902,766)	(778,675,028)	(27,631,180)	(806,306,208)
Total comprehensive income for the period							
Loss for the period	--	--	--	(151,815,820)	(151,815,820)	80,276	(151,735,544)
Other comprehensive income	--	(37,729,467)	(10,832,999)	--	(48,562,466)	(747,479)	(49,309,945)
Total comprehensive income for the period	--	(37,729,467)	(10,832,999)	(151,815,820)	(200,378,286)	(667,203)	(201,045,489)
Balance at 31 March 2024 (Unaudited)	1,147,664,480	(602,242,690)	31,243,482	(1,555,718,586)	(979,053,314)	(28,298,383)	(1,007,351,697)
Balance at 1 January 2025	1,147,664,480	(617,207,523)	83,270,078	(1,606,933,730)	(993,206,695)	(24,928,877)	(1,018,135,572)
Total comprehensive income for the period							
Profit / (Loss) for the period	--	--	--	1,811,234	1,811,234	(24,958)	1,786,276
Other comprehensive income	--	396,284	--	--	396,284	(15,383)	380,901
Total comprehensive income for the period	--	396,284	--	1,811,234	2,207,518	(40,341)	2,167,177
Balance at 31 March 2025 (Unaudited)	1,147,664,480	(616,811,239)	83,270,078	(1,605,122,496)	(990,999,177)	(24,969,218)	(1,015,968,395)

The attached notes from 1 to 21 are an integral part of these interim condensed consolidated financial statements.


Ahmad Abdelkareem
Deputy Chief Financial
Officer


Salim Fakhouri
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows

For the three-month period ended 31 March 2025

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2025 (Unaudited)	For the three-month period ended 31 March 2024 (Unaudited)
Cash flows from operating activities:		
Profit / (loss) for the period	1,786,276	(151,735,544)
<i>Adjustments for:</i>		
- Depreciation on property and equipment	32,231,649	34,220,564
- Depreciation on investment property	30,600	30,600
- Amortization on intangible assets	3,144,821	3,681,999
- Depreciation on right-of-use assets	74,321,349	101,474,572
- Provision for employees' benefits	5,463,557	6,624,297
- Provision for inventory shrinkage and slow-moving inventory	7,987,002	17,331,899
- Expected credit loss	8,181,871	10,125,564
- Gain on lease termination	(945,956)	(6,800,973)
- Zakat and income tax expense	8,921,187	11,783,583
- Finance cost over loans and borrowings	34,081,034	50,712,484
- Finance cost over lease liabilities	25,316,178	29,226,258
- Losses from Fair value re-measurement over derivative liabilities	--	14,748,640
- Share of loss from equity accounted investments	217,674	191,797
- Loss on disposal of property and equipment and intangibles	--	4,318,821
- Store closure losses	--	446,795
- Directly written off inventory	7,658,021	--
- Gain on disposal of discontinued operation	(21,881,521)	(34,567,414)
- Write off of property and equipment and intangibles	6,857,121	--
	193,370,863	91,813,942
<i>Changes in:</i>		
- Inventories	37,823,635	45,707,465
- Advances, deposits and other receivables	(41,387,175)	(36,727,347)
- Prepayments	(11,999,928)	(27,106,235)
- Trade and other payables	113,028,795	248,226,499
Cash generated from operating activities	290,836,190	321,914,324
Zakat and income tax paid	(24,980,567)	(16,151,909)
Employee benefits paid	(3,634,100)	(11,468,819)
Net cash generated from operating activities	262,221,523	294,293,596
Cash flows from investing activities:		
Proceeds on disposal of assets held for sale	--	90,983,195
Purchase of property and equipment	(34,516,160)	(47,877,788)
Purchase of investment in equity accounted investments	(1,881,676)	(3,381,676)
Disposal of cash margin	--	--
Purchase of intangible assets	(70,712)	(2,391,020)
Net cash (used in) generated from investing activities	(36,468,548)	37,332,711

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Interim Condensed consolidated statement of cash flows (continued)

For the three-month period ended 31 March 2025

(All Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March 2025 (Unaudited)	For the three-month period ended 31 March 2024 (Unaudited)
Cash flows from financing activities:		
Repayments of loans and borrowings	(393,606,580)	(251,552,679)
Additions in loans and borrowings	176,987,167	41,628,662
Payments of finance costs over loans and borrowings	(70,346,220)	(100,819,872)
Repayments of lease liabilities	(46,301,725)	(47,289,006)
Payments of finance costs over lease liabilities	(25,316,178)	(29,226,258)
Net cash used in financing activities	(358,583,536)	(387,259,153)
Net decrease in cash and cash equivalents	(132,830,561)	(55,632,846)
Foreign currency exchange translation differences	296,049	(12,736,575)
Cash and cash equivalents at the beginning of period	256,211,535	188,141,687
Cash and cash equivalents at end of period	123,677,023	119,772,266

The attached notes from 1 to 21 are an integral part of these interim condensed consolidated financial statements.


Ahmad Abdelkareem
Deputy Chief Financial Officer


Salim Fakhouri
Chief Executive Officer


Fawaz Abdulaziz Al Hokair
Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

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

1. REPORTING ENTITY

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

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

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

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

(All Amounts in ﷲ unless otherwise stated)

2. GROUP STRUCTURE

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2025 and 31 December 2024:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2025	31 December 2024
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	Al-Jeel Trading Company	Kingdom of Saudi Arabia	Retail	100	100
10	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	RIGE Co.	Arab Republic of Egypt	Retail	99	99
24	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
25	Retail Group Armenia CJSC	Armenia	Retail	96	96
26	Spanish Retail CJSC	Armenia	Retail	100	100
27	ZR Fashion Retail CJSC	Armenia	Retail	100	100
28	Global Apparel CJSC	Armenia	Retail	100	100
29	BR Fashion Retail CJSC	Armenia	Retail	100	100
30	Master Retail CJSC	Armenia	Retail	100	100
31	Best Retail CJSC	Armenia	Retail	100	100

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

(All Amounts in SAR unless otherwise stated)

2. GROUP STRUCTURE (CONTINUED)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2025	31 December 2024
32	Retail Group CJSC	Armenia	Retail	100	100
33	Pro Retail CJSC	Armenia	Retail	100	100
34	Factory Prices CJSC	Armenia	Retail	100	100
35	HComfort Retail Group CJSC	Armenia	Retail	100	100
36	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
37	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
38	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
39	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
40	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
41	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
42	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
43	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
44	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
45	Retail Group Holding LLC	Azerbaijan	Retail	85	85
46	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
47	Fashion Group CA	Uzbekistan	Retail	80	80
48	Fashion Retail Store	Uzbekistan	Retail	80	80
49	Master Retail Store	Uzbekistan	Retail	80	80
50	Retail Boutique	Uzbekistan	Retail	80	80
51	Retail Group Global	Uzbekistan	Retail	80	80
52	Retail Group Store	Uzbekistan	Retail	80	80
53	Retail Store Pro	Uzbekistan	Retail	80	80
54	Spanish Store	Uzbekistan	Retail	80	80

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

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels and indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

(All Amounts in ﷲ unless otherwise stated)

3. BASIS OF ACCOUNTING

3.1 STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual Consolidated Financial Statements as at and for the period ended 31 December 2024 (“last annual consolidated financial statements”). These interim condensed consolidated financial statements do not include all of the information required for a complete set of IFRS Financial Statements; however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

The interim condensed consolidated financial statements were approved by the Board of Directors for issuance on 14 Dhul-Qadah 1446 (H) (corresponding to 12 May 2025 (G)).

3.2 GOING CONCERN BASIS OF ACCOUNTING

The Group incurred accumulated losses to be ﷲ 1,605 million which exceeded share capital by ﷲ 457 million as of 31 March 2025 (31 December 2024: ﷲ 1,607 million which exceeded share capital by ﷲ 459 million). As of that date, the Company’s current liabilities exceeded its current assets by ﷲ 2,891 million (31 December 2024: ﷲ 2,925 million). In addition, the Group’s total liabilities exceeded its total assets by ﷲ 1,016 million (31 December 2024: ﷲ 1,018 million). Further, the Group is required to maintain certain financial ratios as required under a facility agreement entered into with a local commercial bank and the Group is not in compliance with this as of 31 March 2025. Accordingly, the Company did not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting date. As a result, the Group has classified long-term borrowings as current liability (note 10). Such loan classification was the main driver for current liabilities to exceed the current assets. Currently, the Group has not received any default notice nor communication from the lenders that require repayment of the loan before its original contractual maturity. These events or conditions, along with other matters, indicate that material uncertainty exists and that may cast significant doubt on the Group’s ability to continue as a going concern.

The ability of the Group to continue its operations depends on restructuring its business lines, debt, and equity in addition to increasing the volume of its revenue appropriately.

Management of the Group has been reorganizing its brand mixture – over the past couple of years - existing certain underperforming brands and directing more funds to performing brands, whereas the group has disposed of, or in the plan to dispose a total of 28 loss-making brands. This is expected to lead to expansions and diversifications in the stores of the performing brands and trademarks. Certain cost-cutting plans were also applied over the past couple of years, which led to enhancing gross margins and turning operating losses to profits. During 2025, the Group has recognized an increased positive gross profit of ﷲ 178 million (three-month period ended 31 March 2024: ﷲ 95 million), operating profit of ﷲ 82 million (three-month period ended 31 March 2024: A loss of ﷲ 35 million) and positive cash inflows from operating activities of ﷲ 262 million (three-month period ended 31 March 2024: ﷲ 294 million). Additionally, the Group is currently in discussion with lenders to restructure its debts and has managed to repay banks facilities during the period amounted to ﷲ 394 million (three-month period ended 31 March 2024: ﷲ 252 million).

Based on the steps taken above, and relying on the support of the major shareholder, Management has assessed the Group’s ability to continue as a going concern and is satisfied that its operations shall continue for

the foreseeable future under the normal course of business. Accordingly, these consolidated financial statements have been prepared on the going concern basis.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

(All Amounts in ﷲ unless otherwise stated)

3. BASIS OF ACCOUNTING (CONTINUED)

3.3 PREPARATION OF FINANCIAL STATEMENTS

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

- Other investments at fair value;
- Derivative liabilities at fair value; and
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

3.4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2024.

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

A) New standards, amendments to standards and interpretations:

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 'Foreign currencies'. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

B) Standards issued but not yet effective:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Group.

- Classification and measurement of financial instruments - (Amendments to IFRS 9 and IFRS 7);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19); and
- Presentation and Disclosure in Financial Statements (IFRS 18).

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

6. PROPERTY AND EQUIPMENT

During the three-month period ended 31 March 2025, the Group added property and equipment with a cost of ﷲ 34.5 million (three-month period ended 31 March 2024: ﷲ 60 million) and disposal with a net book value ﷲ 6.8 million (three-month period ended 31 March 2024: ﷲ 4 million). The sale of brands resulted in the disposal of assets with a net value of ﷲ 9.6 million (three-month period ended 31 March 2024: ﷲ 58.6 million). Also, during the three-month period ended 31 March 2025, the depreciation charge for three-month period amounted to ﷲ 32.2 million (three-month period ended 31 March 2024: ﷲ 34 million) and the Group incurred a loss on disposal off property and equipment amounting to SR 0 million (three-month period ended 31 March 2024: ﷲ 4 million).

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7. EQUITY ACCOUNTED INVESTMENTS

	FAS LAB (i) ﷲ
Balance at 1 January 2024 (Audited)	64,828,779
Addition	4,881,676
Share of loss and impairment	(23,705,661)
Balance at 31 December 2024 (Audited)	46,004,794
Addition	1,881,676
Share of loss	(217,674)
Balance at 31 March 2025 (Unaudited)	47,668,796

- (i) This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform. The Group has assessed its stake in FAS Lab Company to be a significant influence and not a control based on its Board of Directors' representation in the investee and related voting rights.

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

	Equity securities at FVTPL (i) ﷲ
Balance at 1 Jan 2024	74,189,014
Change in fair value	42,034,282
Unrealized currency exchange differences	(31,851,384)
Balance at 31 December 2024	84,371,912
FV loss through OCI	--
Unrealized currency exchange differences	136,266
Balance at 31 March 2025 (Unaudited)	84,508,178

- i. On 31 March 2021, the Group had acquired 8.9% shares in Egyptian Centers for Real Estate Development (ECRED) in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition. At 31 March 2025, investment in ECRED has been valued at ﷲ 84.5 million (31 December 2024: 84.4 million).

9. INVENTORIES

	31 March 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Finished goods		
- Available for sale	641,489,255	667,229,509
- Goods in transit	37,301,057	36,050,912
Consumables and supplies	5,392,811	8,056,457
Gross inventories	684,183,123	711,336,878
Provision for inventory	(81,397,816)	(79,054,598)
Net inventories	602,785,307	632,282,280

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10. LOANS AND BORROWINGS

	<i>Note</i>	31 March 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Islamic facility with banks (murabaha)	(i)	1,287,211,731	1,487,386,027
Islamic facility with banks (murabaha)	(ii)	150,000,000	150,000,000
Islamic banking facilities of non-GCC subsidiaries	(iii)	2,501,976	5,831,109
Banking facilities of GCC subsidiaries	(iv)	111,304,570	118,537,406
Banking facilities of non-GCC subsidiaries	(v)	67,780,522	73,415,369
Loan from affiliate	(vi)	7,200,729	7,449,030
		1,625,999,528	1,842,618,941
Short term borrowings		65,553,871	45,572,438
Current portion of long-term borrowings		1,504,192,763	1,714,597,473
Loans and borrowings - current liabilities		1,569,746,634	1,760,169,911
Loans and borrowings – non-current liabilities		56,252,894	82,449,030
		1,625,999,528	1,842,618,941

- i. The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of ﷲ 2,400 million and USD 166 million on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in Semi-annual installments commencing after 12 months from the date of signing the agreement. As at 31 March 2024, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.7% on loan tranche taken in ﷲ and LIBOR + 3% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance. As at 31 March 2024, there has been non-compliance of certain covenants on the outstanding facility.

The Murabaha terms agreement between the company and the lending banks mandates that the current breach of financial covenants is considered a default event, which in turn allows the banks to declare the immediate maturity of the entire outstanding balance of the loan. Accordingly, the long-term loan balance was reclassified to be part of current liabilities in the condensed consolidated statement of financial position.

- ii. During 2022, the Group signed a Murabaha term financing agreement with a Riyadh Bank amounting to ﷲ 150 million. As per the terms of the agreement, the term of the Murabaha facility is for a period of three years including 6 months grace period. The facility is repayable in 36 monthly installments commencing after 6 months from the date of signing the agreement. The agreement was signed in November 2022.
- iii. The borrowings under non-GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms.
- iv. During 2023, the Group has obtained 2 new term loans from banks outside KSA to support their operations amounted to USD 15 million, USD 25 million dollars (equivalent to ﷲ 56.2 million, and ﷲ 93.7 million respectively).
- v. During 2023, International subsidiaries has obtained 2 loans from banks outside KSA in their local currencies. One is a credit facility amount to ﷲ 42.1 million and the 2nd facility is a short-term loan amounting to ﷲ 22.6 million.
- vi. During 2024, international subsidiary obtained credit facilities amounting to ﷲ 38.1 million. ﷲ 22 million was obtained for working capital facility in their local currency, to support the operations in the country. ﷲ 8.6 million was obtained from another country with repayment terms of 18 months. An international subsidiary obtained a loan from an affiliate of a non-controlling shareholder amounting to ﷲ 7.5 million. The purpose of providing the loan amount is to ensure the ongoing operations of the company in relation to the retail stores, as well as the conclusion, execution, and payment of supply contracts in the development of these brands and stores

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11. LOSS PER SHARE

The calculation of basic and diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

A. (Loss) per share for continuing operations

	Note	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
		ﷲ	ﷲ
Loss attributable to ordinary shareholders		14,675,244	(136,442,382)
Weighted average number of ordinary shares	19	114,766,448	114,766,448
Basic and diluted loss per share		0.13	(1.19)

B. (Loss) per share for discontinuing operations

	Note	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
		ﷲ	ﷲ
Loss attributable to ordinary shareholders		(12,888,968)	(15,293,162)
Weighted average number of ordinary shares	19	114,766,448	114,766,448
Basic and diluted loss per share		(0.11)	(0.13)

12. OPERATING SEGMENTS

Basis for segmentation

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

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

Reportable segments

The following table describes the operations of each reportable segment:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwear's & accessories through retail outlets
Indoor entertainment	Kids Play Centers
Food & Beverages	Cafes and restaurants

Geographical information

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

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12. OPERATING SEGMENTS (CONTINUED)

B. INFORMATION ABOUT REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION

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

	Operations of these segments is provided below:										
	Fashion retail		Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic		International	Inter-segment elimination	Total
	Continued operations	Discontinued operations	Discontinued operations	Continued operations			Continued operations	Discontinued operations	Continued operations		
	Amount in ₪ '000						Amount in ₪ '000				
Three-month period ended 31 March 2025											
Profit or loss											
Sales	1,254,733	20,139	--	80,019	--	1,354,891	1,033,454	20,139	301,297	--	1,354,891
Depreciation and amortization	(29,478)	(1,693)	--	(4,236)	--	(35,407)	(28,426)	(1,693)	(5,288)	--	(35,407)
Finance charges	(57,173)	(814)	--	(1,410)	--	(59,397)	(51,973)	(814)	(6,610)	--	(59,397)
Net profit / (loss)	16,597	(12,889)	--	(1,921)	--	1,786	17,173	(12,889)	(2,498)	--	1,786
Statement of financial position											
Non-current assets	6,726,165	98,048	--	214,367	(3,630,777)	3,407,803	6,464,333	98,048	476,199	(3,630,777)	3,407,803
Current assets	1,037,193	2,776	--	(29,135)	--	1,010,834	712,910	2,776	295,148	--	1,010,834
Total liabilities	(5,104,261)	(109,809)	--	(220,535)	--	(5,434,605)	(4,823,727)	(109,809)	(501,069)	--	(5,434,605)

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	Fashion retail		Indoor entertainment	Food and Beverages	Inter- segment elimination	Total	Domestic		International	Inter- segment elimination	Total
	Continued operations	Discontinued operations	Discontinued operations	Continued operations			Continued operations	Discontinued operations	Continued operations		
	Amount in ￦ '000						Amount in ￦ '000				
Three-month period ended 31 March 2024											
Profit or loss											
Sales	1,114,053	138,577	21,537	86,457	--	1,360,624	953,158	138,577	268,889	--	1,360,624
Depreciation and amortization	(26,838)	(3,420)	(3,492)	(4,183)	--	(37,933)	(27,409)	(3,420)	(7,104)	--	(37,933)
Finance charges	(73,243)	(4,937)	(52)	(1,707)	--	(79,939)	(67,643)	(4,937)	(7,359)	--	(79,939)
Net profit / (loss)	(135,261)	(17,067)	1,773	(1,181)	--	(151,736)	(143,338)	(17,067)	8,669	--	(151,736)
As on 31 December 2024											
Statement of financial position											
Non-current assets	6,467,928	170,408	--	223,537	(3,396,305)	3,465,568	6,216,531	170,408	474,934	(3,396,305)	3,465,568
Current assets	1,117,420	27,411	--	(24,711)	--	1,120,120	765,193	27,411	327,516	--	1,120,120
Total liabilities	(5,129,636)	(241,476)	--	(232,713)	--	(5,603,825)	(4,831,367)	(241,476)	(530,982)	--	(5,603,825)

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13. REVENUE

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

	Three-month period ended 31 March 2025 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
	ﷲ	ﷲ	ﷲ
Apparels	815,328,505	295,279,174	1,110,607,679
Footwear & accessories	18,681,353	5,815,030	24,496,383
Others	119,425,283	203,393	119,628,676
Fashion retail	953,435,141	301,297,597	1,254,732,738
Food & beverages	80,019,000	--	80,019,000
Total revenue	1,033,454,141	301,297,597	1,334,751,738

	Three-month period ended 31 March 2024 (Unaudited)		
	Kingdom of Saudi Arabia	International Countries	Total
	ﷲ	ﷲ	ﷲ
Apparels	706,372,231	226,550,007	932,922,239
Footwear & accessories	27,123,002	5,316,974	32,439,975
Others	133,206,655	15,485,051	148,691,706
Fashion retail	866,701,888	247,352,032	1,114,053,920
Food & beverages	86,456,816	--	86,456,816
Total revenue	953,158,704	247,352,032	1,200,510,736

14. COST OF REVENUE

	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	ﷲ	ﷲ
Cost of sales	929,574,955	865,281,276
Employees' salaries and benefits	108,777,792	110,030,711
Depreciation on right-of-use asset	70,746,326	80,044,269
Rent expense	23,614,340	17,269,336
Utilities and maintenance	6,995,705	14,543,957
Insurance	1,761,840	2,991,976
Professional fee	1,081,150	3,005,252
Bank charges	1,625,936	1,731,355
Travelling	2,923,994	2,612,371
Others	9,818,682	8,410,937
	1,156,920,720	1,105,921,440

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15. OTHER OPERATING EXPENSES & INCOME

a) OTHER OPERATING EXPENSES

	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	ﷲ	ﷲ
Foreign exchange loss, net	808,256	--
Expected credit loss	8,181,871	10,125,564
Others - other operating expense	1,022,570	5,194,876
Assets written off	5,092,881	4,765,615
	15,105,578	20,086,055

b) OTHER OPERATING INCOME

	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	ﷲ	ﷲ
Gain on lease termination	530,150	245,740
Foreign exchange gain, net	--	5,200,449
Income from owners of new malls	4,151,396	--
Gain on disposal of brands	21,881,521	34,567,414
Others - other operating income	10,735,023	9,141,922
	37,298,090	49,155,525

16. RELATED PARTIES

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

16.1 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation is comprised as follows:

	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
Salaries and short-term benefits	8,050,400	5,414,783
Post-employment benefits	3,219,550	1,560,692
Board of Directors and board committees' remuneration	3,237,300	2,944,304
Total key management compensation	14,507,250	9,919,779

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16. RELATED PARTIES (CONTINUED)

16.2 RELATED PARTY TRANSACTIONS

Transactions with related parties carried out during the period, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	Notes	Transaction values (three month ended)		Balance outstanding at	
				31 March 2025	31 March 2024	31 March 2025	31 December 2024
				ﷲ	ﷲ	ﷲ	ﷲ
Egyptian Center for Real Estate Development	Investee	Rental		167,538	347,564	--	--
Al Farida Trading Agencies	Affiliate	Services / payment made on behalf of Company		--	1,869,205	--	--
		Payment / Settlement made		--	687,835	--	--
Cenomi Academy	Affiliate	Training services		817,962		3,295,973	705,812
		Payment made			3,468,856		
		HRDF Receivable		3,408,123	--	--	--
Food and entertainment co Ltd	Affiliate	Payments made on behalf of the Company		14,633,099	--	--	14,633,099
Due from related parties						3,295,973	15,338,911
Arabian Centers Company	Affiliate	Rentals		59,512,410	93,475,653	(483,653,533)	(443,379,749)
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods		8,769,500	7,873,332	(6,443,222)	(9,714,679)
Support Human Resource Company	Affiliate	Services		7,281,649	5,466,821	(2,310,890)	(255,450)
Hajen Co. ltd.	Affiliate	Printing and advertisement		92,372	216,251	(60,363)	(152,735)
Due to related parties						(492,468,008)	(453,502,613)
Metropol Group - Uzbekistan	Affiliate	Loan received		--	--	(7,200,729)	(7,449,030)
Loan from Affiliate						(7,200,729)	(7,449,030)

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16. RELATED PARTIES (CONTINUED)

16.2 RELATED PARTY TRANSACTIONS (CONTINUED)

All outstanding balances with these related parties are to be settled in cash within the agreed credit period from the date of transaction. There were no past due or impaired receivables from the related party hence no expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. ACCOUNTING CLASSIFICATION AND FAIR VALUES

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI, FVTPL equity investments and derivatives which are carried at fair values, differences can arise between the book values and fair value estimates.

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

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

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

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

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

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

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

	31 March 2025 (Unaudited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	84,508,178	--	--	84,508,178	84,508,178

	31 December 2024 (Audited)				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	84,371,912	--	--	84,371,912	84,371,912

FINANCIAL LIABILITIES

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

B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

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

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

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

B. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

Type	Valuation technique and significant unobservable inputs
Derivative asset	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

C. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the executive committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

C-1. CREDIT RISK

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
	ﷲ	ﷲ
Cash at bank	106,557,019	237,183,226
Advances, deposits and other receivables	57,615,239	59,341,881
	164,172,258	296,525,107

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
- Advances, deposits and other receivables are shown net of allowance for impairment on these balances. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of other receivables.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

C-2 LIQUIDITY RISK

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

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

C-3 MARKET RISK

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

18. COMMITMENTS AND CONTINGENCIES

A. As at the reporting date, the Group is committed to capital expenditures of ﷲ 9.4 million (31 December 2024: ﷲ 33.85 million) to purchase property and equipment.

B. As at the reporting date, the Group has outstanding contingencies:

Type	Nature	31 March 2025 (Unaudited)	31 December 2024 (Audited)
		ﷲ	ﷲ
Letter of credits	Purchase of retail trading inventory	143,434,191	211,134,891
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	507,599,644	555,759,056

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18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. The Company did not meet the legal deadlines to pay its VAT obligations for certain months in years 2023 to 2024, this has led to certain fines and financial penalties being imposed over the Company. The Zakat, Tax, and Customs Authority (ZATCA) has introduced an initiative effective since 1 January 2025 till 30 June 2025, which aimed at allowing companies to install their VAT overdues over a short span of time with a benefit to waive fines and financial penalties, including those on late payments. This initiative offers companies a more flexible opportunity to resolve their financial obligations.

The Company is currently in advanced discussions with ZATCA to finalize an agreement for submitting an installment payment plan for the outstanding amounts. As a result, the Company expects that it will benefit from an exemption on fines and financial penalties and that the likelihood of incurring such penalties are remote.

19. DISPOSAL OF BRANDS

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

	31 March 2025 (Unaudited)
	ﷲ
Assets	
Property and equipment	9,630,110
Inventories	123,973
Net assets disposed off	9,754,083
Consideration	31,635,604
Gain	21,881,521

20. DISPOSAL OF BRANDS (DISCONTINUED OPERATIONS)

Profit and Loss Statement relating to the brands disposed of during 2025 and 2024 is as follows:

	Three-month period ended 31 March 2025 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	ﷲ	ﷲ
Revenue	20,138,859	138,576,533
Cost of revenue	(29,077,140)	(148,987,371)
Gross loss	(8,938,281)	(10,410,838)
	--	
Other operating income	583,710	6,241,650
Selling and distribution expenses	(263,649)	(4,540,996)
General and administrative expenses	--	--
Depreciation on property and equipment	(1,636,621)	(3,209,608)
Amortization on intangible assets	(56,208)	(210,020)
Other operating expense	(1,764,240)	--
Operating loss	(12,075,289)	(12,129,811)
Net finance costs	(813,679)	(4,936,839)
Loss before zakat and income tax	(12,888,968)	(17,066,650)
Zakat and Income tax expense	--	--
Loss for the period from continuing operations	(12,888,968)	(17,066,650)

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20. DISPOSAL OF BRANDS (DISCONTIUED OPERATIONS) (CONTINUED)

Below Assets and Liabilities are classified as held for sale:

	31 March 2025 (Unaudited)
	ﷲ
Assets	
Property and equipment	32,997,467
Right of use assets	64,396,617
Goodwill and intangible assets	654,212
Non-current assets	98,048,296
Inventories	2,776,075
Current assets	2,776,075
Total assets classified as held for sale	100,824,371
Liabilities	
Lease liabilities	55,390,558
Post-employment benefits	2,511,214
Non-Current liabilities	57,901,772
Lease liabilities – current portion	12,813,003
Trade and other payables	39,094,297
Current liabilities	51,907,300
Total liabilities classified as held for sale	109,809,072

21. DISPOSAL OF SUBSIDIARIES (DISCONTIUED OPERATIONS)

During 2024, the Group disposed of its companies' operation in United States of America.

Profit and Loss Statement relating to these operations is as follows:

	Three-month period end 31 March 2024 (Unaudited)
	ﷲ
Revenue	21,537,155
Cost of revenue	(11,581,797)
Gross profit	9,955,358
Other operating income	554,059
Selling and distribution expenses	(2,244,161)
General and administrative expenses	(2,947,312)
Depreciation on property and equipment	(3,492,346)
Operating Profit	1,825,598
Net finance costs	(52,110)
Profit before zakat and income tax	1,773,488
Zakat and Income tax expense	--
Profit for the period	1,773,488