Cenomi Retail

Annual Report
2025

Embarking on Growth – A New Era of Strength and Discipline

The Custodian of the Two Holy Mosques

King Salman
Bin Abdulaziz Al Saud

His Royal Highness Crown Prince

Mohammad Bin Salman
Bin Abdulaziz Al Saud

Theme of the Year

Embarking on Growth

A New Era of Strength and Discipline

2025 marked the beginning of a new chapter in Cenomi Retail's evolution. Building on the decisive actions taken in recent years, the Group entered a period defined by stronger foundations, sharper strategic focus and growing confidence in the quality of its operating platform. A strengthened shareholder base, enhanced governance, improved financial resilience and a more focused portfolio have positioned the business to pursue its next phase from a position of greater stability and strength.

Throughout the year, Cenomi Retail demonstrated that disciplined execution and long-term thinking can reinforce one another. By maintaining a clear focus on operational excellence, capital discipline, customer experience and organizational capability, Cenomi Retail continued to strengthen the foundations required for sustainable growth. These achievements reflect a business that has moved beyond transformation as an objective and is increasingly embedding it in the way it operates every day.

As Cenomi Retail looks ahead, its strategic priorities are focused on building on a stronger platform to create lasting value for shareholders, customers, employees, brand partners and the communities it serves. Guided by disciplined decision-making, a commitment to continuous improvement and the support of a global strategic partner, Cenomi Retail is well positioned to capture future opportunities while maintaining the operational and financial discipline that will underpin its long-term success.

At a Glance

2025 was a transformative year for Cenomi Retail, characterized by disciplined execution, a renewed strategic direction and strengthened operations. Guided by sharper priorities, the Company reinforced its foundations and positioned itself to embark on the next phase of sustainable growth with confidence and purpose.

Financial highlights

Revenue

⃁ m

2024	4,847.1
2025	5,103.9

Gross Profit

⃁ m

2024	565.6
2025	579.6

Operating income

⃁ m

2024	(90.5)
2025	229.2

Net loss

⃁ m

2024	(197.5)
2025	(496.7)

Operational highlights

Zara delivered its strongest full-year like-for-like, with Group LFL increasing **7.5%**

International revenue reached **⃁ 1.6 billion** in 2025, growth of 50.1% from 2023 to 2025

E-commerce's online revenue grew **15.1%** in 2025

Sustainability highlights

70% **Saudization rate,** with women at **55.8%** of the workforce

Georgia was recognized with the **SDG Award** for Decent Work and Economic Growth

Contribution of €271,450 through the Inditex Bags initiative to the Worldwide Fund for Nature, supporting the restoration of **1,500 hectares** of forest within Georgian ecological corridors

For more information,

Visit our website

www.cenomiretail.com

Table of **Contents**

Theme of the Year	04
At a Glance	06

01

Overview

About Cenomi Retail	12
Our Brand Portfolio	14
Our Journey	18
Year in Review	20
Geographic Footprint	24
Stakeholder Engagement	28
Shareholders' Information	30
Investment Case	34

02

Strategic Review

Chairman's Statement	38
CEO's Message	40
Business Model	44
Strategy and KPIs	48
Financial Review	50
Our People	58
Sustainability	62

03

Operating Review

Saudi Retail	72
International Retail	88
Food and Beverage	114
E-commerce	118

04

Corporate Governance 122

05

Financial Statements 170

⃁ 5.2 bn

Revenue

⃁ 496.7 m

Net loss

2025 marked a defining new chapter for Cenomi Retail, built on stronger foundations, sharper focus and greater resilience—positioning the Group for sustainable long-term growth.

Overview

About Cenomi Retail	12
Our Brand Portfolio	14
Our Journey	18
Year in Review	20
Geographic Footprint	24
Stakeholder Engagement	28
Shareholders' Information	30
Investment Case	34

11 Tier-1 Champion Brands

Cenomi Retail's footprint extends across more than 700 stores, 138 malls in 8 countries.

About Cenomi Retail

Cenomi Retail is Saudi Arabia's largest franchise retailer and the only listed business of its kind in the Middle East. Since its founding in 1990, the Company has evolved from a local retail operation into a leading regional retail platform supported by strong international brand partnerships and extensive market expertise.

Operating more than 742 stores across 138 shopping malls, Cenomi Retail's broad retail footprint exceeds 306,382 square meters across eight countries. Its diversified portfolio comprises 41 leading brands spanning across various segments, offering womenswear, menswear, children's and baby products, sportswear, footwear, accessories, beauty, lifestyle, multimedia and cosmetics. Complementing its offering is an extensive portfolio of 240 restaurants and coffee shops, supporting Cenomi Retail's multi-format, lifestyle-focused positioning.

As a pioneering brand partner in Saudi Arabia, Cenomi Retail plays a central role in introducing and scaling premium international brands in one of the world's most dynamic consumer markets. Its operations extend across the MENA and CIS regions, with a balanced presence across fashion, beauty, food and beverage, sports and entertainment. The business is powered by a workforce of more than 5,000 employees, whose local insight and operational capability support consistent delivery across diverse markets.

With shareholder approval of the parent company's legal name change to AFG International, Cenomi Retail marked an important step in the evolution of its corporate identity. The new name reflects a more focused and forward-looking organization with an expanding international outlook, while remaining anchored in the strength of its retail heritage.

Supported by a streamlined portfolio, a leaner operating model and clear evidence of financial progress, the Company enters its next phase with greater clarity and discipline, positioned to drive sustainable growth by scaling its core brands and capturing opportunities across a rapidly evolving regional retail landscape.

Vision

To become the largest and most admired integrated omnichannel lifestyle retailer in MENA, and partner of choice for local and international brands.

Strategic Focus

Cenomi Retail's strategy is centered on creating durable value for its customers, brand partners and shareholders. Through a disciplined approach to portfolio management, service quality and customer experience, the Company continues to strengthen the resilience and relevance of its retail platform while maintaining a clear focus on long-term performance.

By curating a broad and balanced range of high-quality products, elevating service standards across physical and digital channels, and building enduring partnerships with leading global brands, Cenomi Retail is reinforcing the foundations of its business. These priorities guide the Company's strategic direction and underpin its efforts to drive sustainable growth and consistent value creation, with a focus on:

- Continuing to develop international presence and positioning the Company's Tier 1 Champion Brands in high-potential markets
- Seamlessly blending physical and digital retail to create an unparalleled innovative shopping experience for its customers
- Establishing Cenomi Retail as a pioneer in delivering innovative retail concepts, while reinforcing its position of market dominance across key geographies

Values

Delight customers: We always focus on our customers' needs and wants

Commit to deliver: Show personal commitment to delivering results

Execute with excellence: How we work is as important as what we deliver

Win together: We work together for speed and execute for success

Embrace change: Have courage to think about and shape a better future delivering results

Our Brand Portfolio*

A world-class brand portfolio

Cenomi Retail's brand portfolio as of year-end 2025 reflects the scale and diversity of its franchise platform, designed to serve a wide range of consumer needs across categories, formats and price points. Anchored by globally recognized brands and complemented by a curated mix of fashion, food and beverage, lifestyle, and specialty concepts, the portfolio provides a balanced and resilient retail offering. Through disciplined portfolio management and a clear focus on brand performance, the Company continues to strengthen its position as a trusted brand partner while creating a flexible platform for sustainable growth across its core markets.

Tier 1 Champion Brands

ZARA, Massimo Dutti, Bershka, Stradivarius, OYSHO, ZARA HOME, lefties, PULL&BEAR, MANGO, CINNABON, SUBWAY

Inditex

ZARA, Massimo Dutti, Bershka, Stradivarius, OYSHO, ZARA HOME, lefties, PULL&BEAR

Fashion

MANGO, NEW YORKER, *IPEKYOL, *adL, *M&S, U.S. POLO ASSN. SINCE 1890, OKAÏDI OBAÏBI, *MONSOON, *ACCESSORIZE LONDON, *CHARLES & KEITH, *OXXO, *CALL IT SPRING, *Marie France, *LIPSY LONDON, *Clarks, *la Vie en Rose, *La Senza, *QUIZ, *ALDO, *ALDO Accessories, *ZIDDY, *PARFOIS, *sunglass hut

*Under the international portfolio only

Food and Beverage

CINNABON, SUBWAY, crepeaffaire, Molten Chocolate Cafe, Mamma Rosa Café

Multimedia

aleph, fnac

Lifestyle

flying tiger copenhagen

Sports

DECATHLON

Beauty

*flormar, KIKO MILANO

Our Brand Portfolio*
(continued)

Non-core brand divestments in 2025

Cenomi Retail continued the disciplined execution of its portfolio optimization strategy in 2025, further sharpening its brand mix to concentrate capital and management focus on high-performing, scalable concepts. The selective divestment of non-core brands reflected a deliberate extension of the Company's multi-year transformation, reinforcing its commitment to operational focus, profitability and capital efficiency. By exiting brands that no longer aligned with its strategic priorities, Cenomi Retail strengthened its ability to reinvest in priority brands and core markets, supporting a more agile, brand-led platform designed for sustainable growth across high-potential geographies.

Q1

IPEKYOL

TWIST

MACHKA

Q4

Caffè di Classe

jamba

CABANA

Kahve Dünyası

SECRETS

Non-core brand divestments were carried out for brands existing in Saudi Arabia

Portfolio optimization remains a strategic enabler of growth, ensuring capital and resources are consistently directed toward brands with the strongest potential to scale, perform and create long-term value.

*as of 31-Dec-2025

Our Journey

From local roots to a focused international growth platform

Phase 1 - Foundations (1990-1999)

1990
Company formation - Established as Fawaz A. Alhokair & Co., laying the foundations for a long-term retail brand-partnership platform in Saudi Arabia.

1991
First store opened - Opened the Company's first store in Saudi Arabia, marking the start of franchise retail operations.

1999
Inditex partnership - Became the local franchise partner for Inditex in Saudi Arabia, bringing flagship brands such as Zara to the Kingdom.

Phase 2 - Public listing and scale (2006-2020)

2006
IPO on Tadawul - Listed on the Saudi Stock Exchange, strengthening access to capital and corporate governance as the business scaled.

2015
International footprint scaled - Expanded the retail platform beyond KSA, building an international portfolio across multiple high-potential markets.

2020
Omnichannel acceleration- Scaled digital capabilities and mono-brand online stores to complement the physical network and broaden customer reach.

Phase 3 - Strategic reset and transformation (2022-2024)

2023
Portfolio rationalization and operational reset - Refocused the business on core profitable brands and prime malls, exiting non-core activities and strengthening cost discipline, lease optimization and operational execution to stabilize performance.

2024
Brand optimization completed - Completed the divestment of 24 non-core brands and resized the store base to focus on Tier 1 Champion brands and operational efficiency.

Balance sheet strengthening - Continued deleveraging through disciplined cash management and strong operating cash generation, materially reducing leverage.

Flagship Zara concept store - Reopened after a state-of-the-art renovation, the largest Zara store in KSA at Al Nakheel Mall, Riyadh, integrating a new format that blends physical retail with digital touchpoints.

International and digital expansion - Launched operations in Uzbekistan with seven Inditex brands, strengthening our CIS portfolio.

Phase 4 - A new chapter (2025)

2025
Strategic investment by Al-Futtaim Group - Al-Futtaim Group acquired a strategic stake in Cenomi Retail, bringing a long-term strategic partner alongside the Company's transformation agenda and supporting the next phase of value creation.

Capital structure strengthened - Completed a refinancing of shareholder facilities, materially improving liquidity, financial flexibility and the Company's ability to invest in growth.

Pathway to AFG International Company - Approved the legal name change to AFG International Company, effective June 2026, reflecting the next stage of the Company's strategic identity and international growth ambition.

Over more than three decades, Cenomi Retail has grown from a single Saudi storefront into a leading retail brand partner with a diversified portfolio across the Kingdom and a growing international footprint. A focused multi-year transformation program has sharpened the brand portfolio, strengthened the balance sheet and reset the operating model, establishing a clear platform for sustainable growth, anchored by Tier 1 Champion brands, disciplined market expansion, and an accelerating omnichannel strategy.

In 2025, the Company entered a new chapter with the strategic investment by Al-Futtaim Group, a strengthened capital structure, and approval of the legal name change to AFG International Company, supporting the next phase of value creation.

Year in Review

Executing with discipline. Expanding with confidence.

This year, Cenomi Retail shifted gears toward sustained momentum, driven by disciplined execution and renewed confidence in the strength of its operating platform. Building on the actions taken in prior years, the Company sustained improving performance trends, reinforced financial resilience and advanced key strategic priorities. The year was highlighted by the onboarding of a long-term strategic shareholder, continued focus on profitability and cash discipline, and strengthened governance and stakeholder engagement. These developments reflect a business that has moved beyond stabilization and is firmly focused on consistent delivery, institutional strength and long-term value creation.

Investor and performance progress

January

Positive momentum entering the year

Cenomi Retail entered 2025 with improving operating trends, reflecting the benefits of portfolio optimization, tighter cost control and enhanced execution across core brands.

February

Operational stability and disciplined execution

Cenomi Retail maintained stable trading conditions, continuing to prioritize profitability, cash discipline and operational consistency following the prior year's reset.

March

Strong foundation for earnings recovery

Early-year trading reinforced management's confidence in the sustainability of the turnaround, supported by improving like-for-like performance and cost efficiency.

June

Continued focus on performance delivery

Cenomi Retail sustained positive momentum through the second quarter, maintaining discipline across costs, working capital and portfolio management.

July

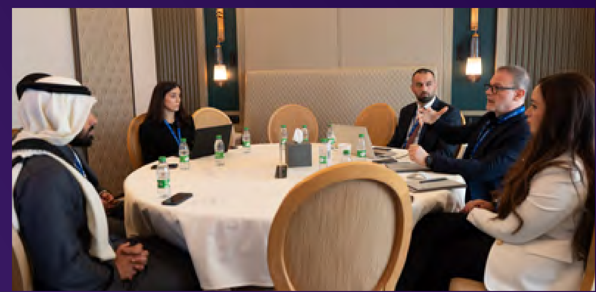
Strategic partnership announced to support long-term growth

Cenomi Retail announces that it has been notified by a number of its substantial shareholders, namely: Fawaz Abdulaziz Alhokair, Abdul Majeed Abdulaziz Alhokair, Salman Abdulaziz Alhokair, Saudi FAS Holding Company and FAS Real Estate Company (the selling shareholders), that they have signed a share purchase agreement with Al Futtaim Retail Company, marking a significant milestone in the Company's transformation and strengthening its long-term growth platform.

September

Strategic shareholder onboarded and balance sheet strengthened

The completion of the Al-Futtaim transaction reinforced Cenomi Retail's financial resilience and strategic flexibility, supporting the next phase of sustainable value creation.



Strengthened Board leadership and governance framework

Cenomi Retail implemented changes to Board leadership and reconstituted key Board committees, strengthening governance, enhancing oversight and aligning Board structures with the Company's next phase of strategic execution.

October

Execution focus and strategic alignment

Following completion of the transaction, Cenomi Retail focused on execution, governance alignment and operational continuity to sustain momentum into year-end.

December

Positioned for sustainable growth

By year-end, Cenomi Retail had completed a year of execution and consolidation, entering 2026 with a strengthened balance sheet, a strategic shareholder and a more resilient operating platform.

Year in Review
(continued)

Corporate engagement and recognition

February
Capital markets engagement
Cenomi Retail participated as a Gold Sponsor at the Capital Markets Forum 2025, reinforcing its engagement with the investment community.

September
Recognition for financial reporting excellence
Cenomi Retail's printed annual report was awarded third place in the Small Cap category by the Middle East Investor Relations Association (MEIRA), recognizing improved financial reporting standards.

March
Recognition for investor relations excellence
Cenomi Retail was awarded Best Investor Relations Company in the Retail Sector – Saudi Arabia by Global Business Outlook for 2024, reflecting its commitment to transparency, engagement and excellence in investor relations.

Cenomi Retail was also recognized as the #3 Small Cap at the 2024 Saudi Capital Market Forum Awards for Excellence in Investor Relations, highlighting its continued focus on best-in-class IR practices and strong engagement with the investment community.

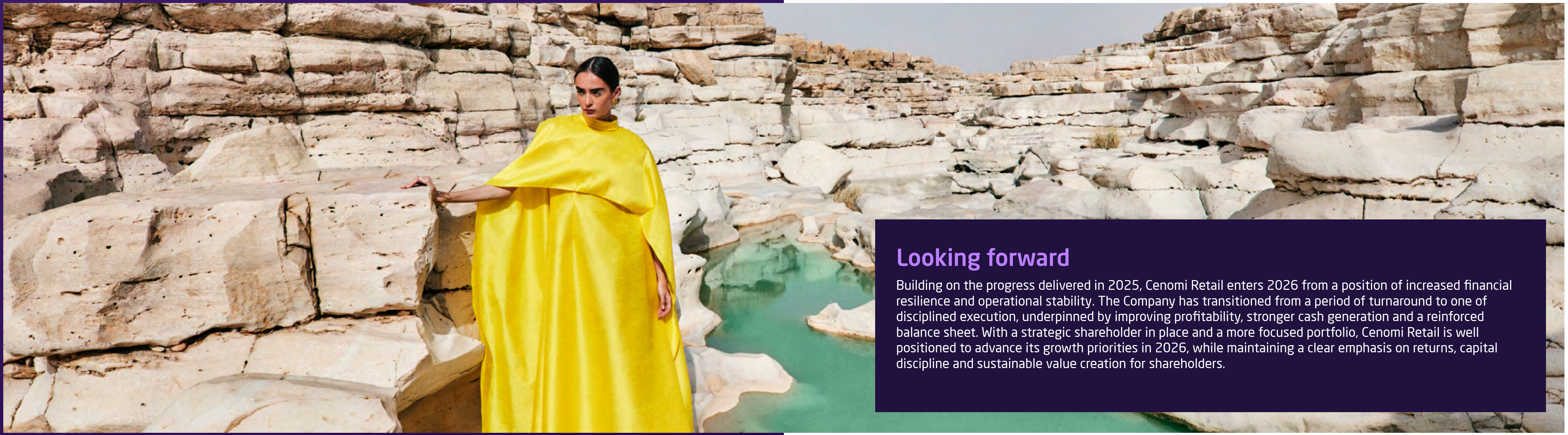
ESG and stakeholder engagement

July
Human capital development partnership
Cenomi Retail signed a cooperation agreement with Imam Mohammad Ibn Saud Islamic University to support cooperative training programs and enhance student readiness for the labor market.

October
Community empowerment initiative
Cenomi Retail signed a memorandum of cooperation with the Charitable Foundation for Orphan Care "Ikhaa" to support employment and empowerment initiatives for orphans.

September
Strengthening academia-private sector collaboration
Cenomi Retail signed a cooperation agreement to strengthen collaboration between academic institutions and the private sector, supporting workforce development initiatives.

December
National training and skills development initiative
Cenomi Retail announced the availability of free training opportunities through its e-training platform as part of the national Wa'ad training campaign, supporting skills development and workforce readiness.



Looking forward
Building on the progress delivered in 2025, Cenomi Retail enters 2026 from a position of increased financial resilience and operational stability. The Company has transitioned from a period of turnaround to one of disciplined execution, underpinned by improving profitability, stronger cash generation and a reinforced balance sheet. With a strategic shareholder in place and a more focused portfolio, Cenomi Retail is well positioned to advance its growth priorities in 2026, while maintaining a clear emphasis on returns, capital discipline and sustainable value creation for shareholders.

Geographic Footprint

A scaled platform with local strength and targeted international reach

Cenomi Retail's geographic footprint reflects a deliberate balance between scale in its core market and selective expansion across high-potential international markets. Saudi Arabia remains the anchor of the Company's operations, providing depth, scale and brand density across fashion, food and beverage, and lifestyle categories, supported by a broad presence across leading malls nationwide.

Internationally, Cenomi Retail has built a focused footprint across selected markets, prioritizing locations where its brands demonstrate strong relevance, scalability and long-term growth potential. This disciplined geographic approach enables the Company to maximize operational efficiency, deepen brand performance in core locations and deploy capital with precision, reinforcing a resilient platform for sustainable growth.

Overall footprint

138
malls across Saudi Arabia and international countries

742
total stores

301
retail stores in Saudi Arabia

201
international stores

240
F&B outlets

8
countries

Saudi Arabia footprint

Existing in malls
103
(including fashion, F&B and other retail categories)

Brands - retail
Fashion, electronics, sportswear, lifestyle and beauty, and food and beverage

Saudi Arabia - Retail

ZARA, Massimo Dutti, Bershka, Stradivarius, OYSHO, ZARA HOME, lefties, PULL&BEAR, MANGO, U.S. POLO ASSN. SINCE 1890, aleph, NEW YORKER, OKAÏDI OBAÏBI, KIKO MILANO, DECATHLON, flying tiger copenhagen, fnac

Saudi Arabia - F&B

CINNABON, SUBWAY, crepeaffaire, Mamma Buns Café, Molten Chocolate Cafe

Geographic Footprint
(continued)

International footprint

	Number of Malls	Number of Brands
Jordan	6	18
Armenia	4	14
Azerbaijan	7	16
Georgia	6	19
Kazakhstan	3	2
Uzbekistan	1	7
Egypt	6	2

International brands

ZARA, Massimo Dutti, Bershka, Stradivarius, OYSHO, ZARA HOME
MANGO, PULL&BEAR, MONSOON, QUIZ, flormar
ALDO Accessories, CHARLES & KEITH, LIPSY LONDON, sunglass hut
U.S. POLO ASSN. SINCE 1890, PARFOIS, ZIDDY, OKAÏDI OBAÏBI, SPRINGFIELD Man & Woman
la Vie en Rose, OXXO, ALDO, KIKO MILANO, Marie France
La Senza, IPEKYOL, Clarks, adL, ACCESSORIZE LONDON

Stakeholder Engagement

Cenomi Retail is deeply committed to building trust, alignment and long-term value with all its stakeholders. As the Company sharpens its focus and operates with greater efficiency, it also continues to listen, engage and act, ensuring its partnerships, communities, employees, investors and customers remain central to everything it does as it prepares for the next phase of its growth.

	Our employees	Our suppliers/partners	Our community	Our shareholders	Our customers
How we engage	• Evaluating and streamlining the Company's structure • Attracting and rewarding top talent • Organizing events for more than 5,000 employees in Saudi Arabia and internationally	• Ensuring the best prices, payment terms and cost reductions for the Company and its partners • Utilizing strategic partnerships to ensure cost stability and minimize supply chain risks • Optimizing digital procurement to increase operational cost efficiency • Constantly assessing supplier stability and compliance to uphold financial due diligence • Maintaining supplier diversification to mitigate operational risks • Conducting regular meetings to align on marketing strategies • Sharing performance data for mutual growth	• Conducting CSR campaigns • Expanding partnerships with local charities • Sponsoring local events	• Maintaining communication through various channels, such as the AGM and OGMs • Publishing quarterly earnings release calls, and inviting institutional investors and the Company's sell side analysts to the discussions about the financial results • Engaging with investors by attending investor conferences (e.g. Capital Market Forum, HSBC, EFG and MEIRA) • Reaching out to shareholders via emails, online meetings and phone calls	• Offering tactical promotions in-store and online (all brands) • Carrying out social media campaigns • Regularly monitoring customer satisfaction through surveys and feedback
Frequency of engagement	• Ongoing annual events (e.g. Ramadan preparations) • As needed (e.g. structural changes) • Monthly email newsletters • Social media interactions • Seasonal or event-driven engagements	• Ongoing negotiations throughout the year • Long-term strategic agreements renewed periodically • Regular supplier evaluation and compliance checks	• Regular annual targets for community initiatives • Ongoing recruitment efforts	• Ongoing throughout the year • Focused engagement around financial results announcements	• Monthly email newsletters • Regular social media interactions • Seasonal or event-driven engagements
Areas of focus	• Employee well-being • Business continuity during peak seasons (e.g. Ramadan) • Feedback on structural reorganization	• Price negotiations to optimize costs • Supplier payment terms and structured settlements • Risk management, including supplier diversification and compliance verification • Implementation of digital procurement tools to improve efficiency • Financial health and long-term viability of suppliers • Product launches or promotional cycles • Joint promotions • Product availability updates • Launch plans • Supply pricing • Supply timelines • Production models • Sampling	• Career pathways for the youth • Support for national employment goals • Local social impact initiatives • Sponsorship opportunities	• Shareholder feedback and queries • The Company's strategy and strategic progress • Key challenges and management's strategy to solve these challenges	• Promotions and offers • Services • New store openings • Joint promotions with partners • Launch plans
Management continued to work on	• Improved work schedules during Ramadan • Streamlined communication during structural changes • Increased employee engagement initiatives and improving morale	• Consolidated purchasing volumes and leveraged market tenders to secure cost reductions • Established long-term supplier agreements for better cost control • Implemented digital tools for procurement cost analysis and strategic decision-making • Negotiated supplier debt settlements, securing waivers on outstanding payments • Strengthened collaborations with suppliers for joint marketing campaigns • Aligned promotional calendars with suppliers or maximum impact • Optimized product availability based on demand insight	• Aligned initiatives with national employment policies • Increased local event sponsorships • Launched new community-focused programs	• Proactive investor engagement • Continued enhancing disclosure and ensured the investor community kept fully updated and informed	• Strengthened collaborations with partners for joint marketing campaigns • Aligned promotional calendars with partners for maximum impact • Enhanced product availability based on demand insight
Value created	• Creating a culture of trust, collaboration and support • Addressing employee needs and complaints during critical periods • Conducting team-building events such as Ramadan Iftars and reward ceremonies to improve morale and enhance employee engagement • Continuously monitoring and working on workplace satisfaction and loyalty (achieved a 95% satisfaction rate)	• Enhancing efficiency via operational cost savings and reducing project costs • Encouraging stronger supplier relationships and growing business through co-marketing • Ensuring product availability and strategic alignment for joint promotions • Reducing project lead times	• Contributing to community development and national goals • Supporting local charities and events • Encouraging a stronger connection with the community	• Improving disclosure and implementing proactive engagement with retail and institutional investors • Providing investors with an accurate picture of the Company's current status and initiatives toward further growth in 2026	• Providing exclusive offers and personalized promotions that increase customer engagement • Enhancing the shopping experience with customer feedback • Encouraging stronger partner relationships with strategic partners and growing the business through co-marketing • Ensuring product availability and strategic alignment for joint promotions

Shareholders' Information

During 2025, Cenomi Retail's share price performance diverged meaningfully from both the Tadawul All Share Index (TASI) and the Tadawul Retail Index, reflecting Company-specific developments and heightened investor focus on transformation milestones.

Share Information

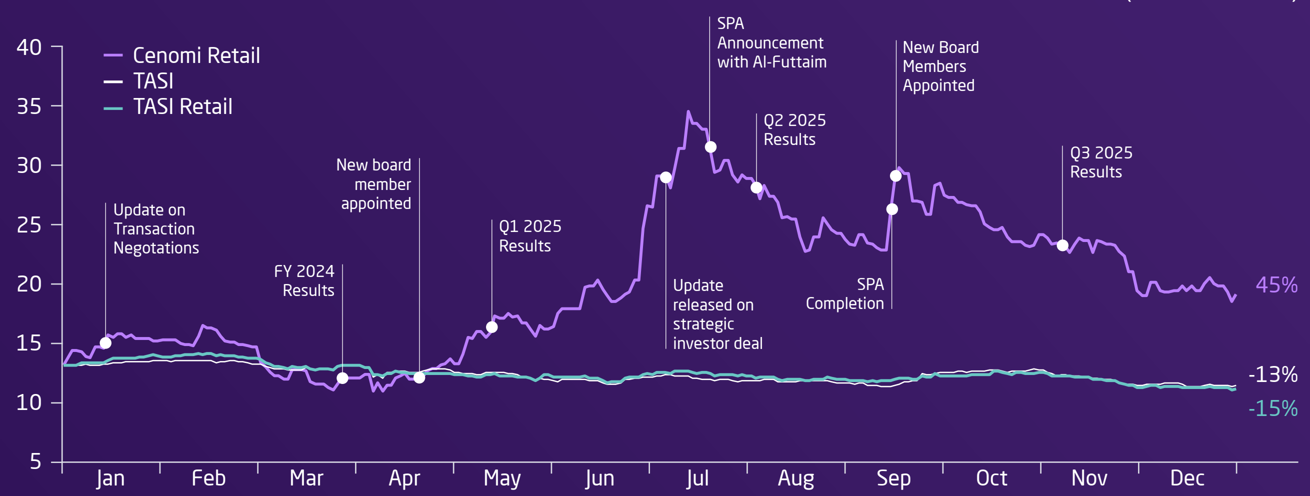
Listing date	23 December 2006
Exchange	The Saudi Stock Exchange (Tadawul)
Symbol	4240
ISIN	SA000A0LB2R6
Number of shares issued	114,766,448 shares

Closing price as of 31 December 2025	⃁ 19.13
Market cap as of 31 December 2025	⃁ 2.19 bn
Foreign ownership limit	49% *
Free float	50.05%

Cenomi Retail's share price ended 2025 up 45%, compared with declines of 13% in the Tadawul All Share Index (TASI) and 15% in the Tadawul Retail Index over the same period. The strongest gains came in the second and third quarters, a period that coincided with the announcement and subsequent completion of the strategic shareholding transaction with Al-Futtaim. The share price partially retraced in the fourth quarter, in line with broader market movements, while retaining a significant gain for the full year. Key corporate developments during the year are shown against the share price performance in the chart below.

Share price performance vs. Benchmark equity indices

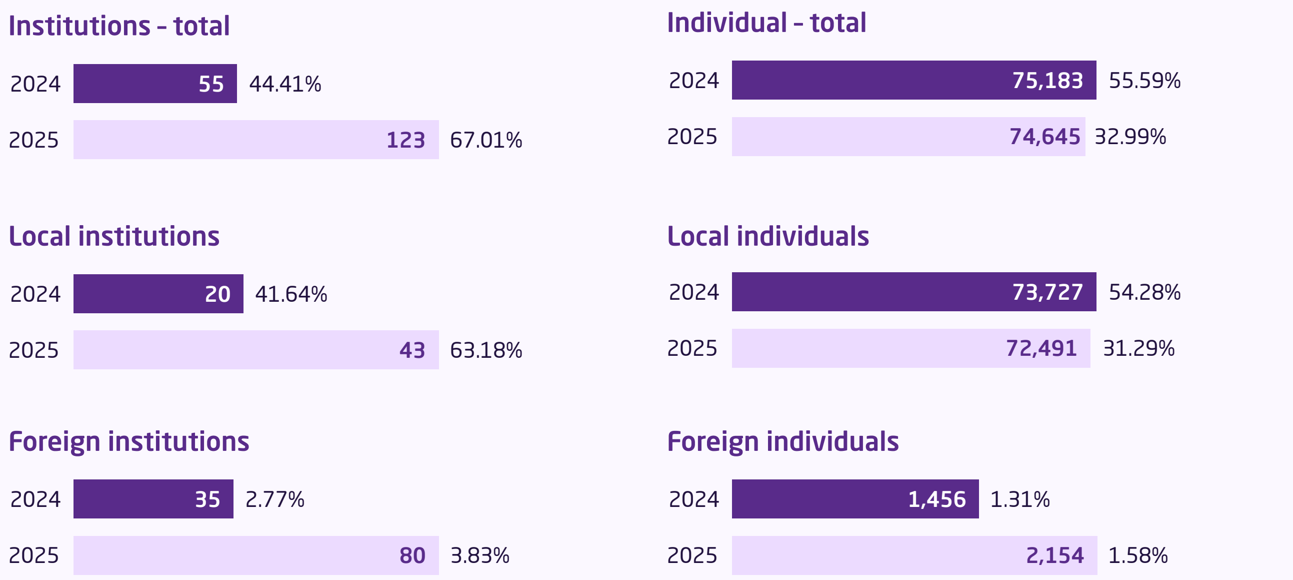
Cenomi Retail vs. Index
Indexed Price Performance



Investor by region

In 2025, Cenomi Retail reached a significant milestone in its shareholder structure with the strategic entry of Al-Futtaim as a major shareholder. On 20 July 2025, it was announced that the Company's founding shareholders – including Fawaz Abdulaziz Alhokair, Abdul Majeed Abdulaziz Alhokair, Salman Abdulaziz Alhokair, Saudi FAS Holding Company and FAS Real Estate Company – signed a share purchase agreement with Al-Futtaim Retail Company, under which Al-Futtaim agreed to acquire a 49.95% stake in Cenomi Retail at a price of ⃁ 44 per share, in a private negotiated transaction valued at approximately ⃁ 2.52 billion. The transaction was completed on 15 September 2025, following the fulfilment of the relevant conditions and regulatory approvals. Upon completion, Al Futtaim became a major shareholder in Cenomi Retail as a result of the share purchase agreement conducted between Al-Futtaim and the founding shareholders, marking a significant transition in the Company's ownership structure and an important step in its ongoing transformation.

Shareholding by type



Shareholders' Information
(continued)

Investor relations calendar 2025-2026

General Assemblies (EGMs and AGMs) in 2025

Cenomi Retail held its Ordinary General Assembly on 25 June 2025 to review the Company's financial results for the year ended 2024. The meeting was conducted virtually in the presence of the Board of Directors and executive management.

As part of its continued shareholder engagement, the Company invited shareholders in December 2025 to an Extraordinary General Meeting, which was subsequently held in January 2026 in both physical and virtual formats. Shareholders approved the change of the Company's legal name to AFG International, reflecting the evolution of its strategic direction and positioning for its next phase of growth. The name change became effective upon completion of the required regulatory procedures.

Conferences in 2025

18-20 February	Riyadh - Capital Market Forum conference (Tadawul)
25-26 February	Dubai - HSBC Menat Future Forum Conference
09-10 April	Dubai - EFG Hermes Conference
30-31 May	Hong Kong - Hong Kong Capital Market Forum
16-17 June	London - HSBC GCC Exchanges Conference 2025
24-25 September	Oman - 2025 MEIRA Annual Conference

Investor engagement also increased significantly during 2025, supported by greater participation in regional and international investor conferences, expanded capital markets outreach, shareholder meetings, and earnings calls.

In parallel, Cenomi Retail participated in six capital markets conferences across Riyadh, Dubai, Hong Kong, London and Oman, and hosted four earnings release calls. As a result of this increased level of engagement, unique individual investor contacts rose to 166 in 2025 from 60 in 2024, representing a 176.7% increase, while the number of unique institutional investors met increased to 74 from 30, a 146.7% increase. Total meetings with investment firms also rose to 191 from 68, reflecting a 180.9% increase year-on-year and underscoring the Company's enhanced visibility and strengthened engagement with the global investment community.

As a result, the number of institutions doubled from 55 in 2024 to 124 in 2025.

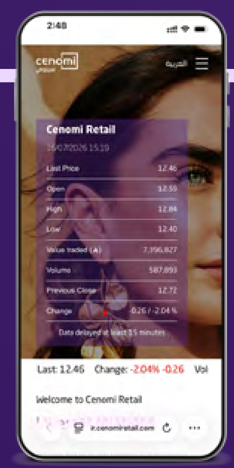
Year	Unique individual contacts	Unique investors met (firms)	Total meetings with firms (firm-meeting records)
2024	60	30	68
2025	166	74	191
Percentage increase	176.7%	146.7%	180.9%

Tadawul announcements for 2025

Date	Announcement title
15 December 2025	(Cenomi Retail) invites its shareholders to attend the Extraordinary General Assembly meeting (first meeting) In person and via modern technology means.
14 December 2025	(Cenomi Retail) announces executed a ⃁ 1,577,167,294.93 facility agreement with Emirates NBD - Kingdom of Saudi Arabia.
11 November 2025	Latest development for FAS Labs Company obtaining the Saudi Central Bank's Final approval to license FAS Finance Company.
06 November 2025	Financial results for Q3 2025.
22 September 2025	Reconstitution of the Audit Committee.
16 September 2025	Two Board members appointed; Chairman and Vice-Chairman appointed.
15 September 2025	Resignation of six Board members; four new Board members appointed.
15 September 2025	Latest developments: Al-Futtaim confirms completion of the private transaction.
15 September 2025	Latest developments: Share purchase agreement with Al Futtaim Retail Company is signed.
14 September 2025	⃁ 1.6 bn credit facility agreement signed with Emirates NBD - Kingdom of Saudi Arabia.
14 September 2025	Shareholder loan facility agreement signed with Al Futtaim Retail Company.
05 August 2025	H1 2025 Interim Financial Results announced.
20 July 2025	Latest development: Update on possible transaction with a strategic investor.
20 July 2025	Substantial shareholders confirm sale of partial stake in Cenomi Retail to Al Futtaim Retail Company.
06 July 2025	Latest development: Update on possible transaction with a strategic investor.
26 June 2025	Results of the Ordinary General Assembly Meeting.
04 June 2025	Invitation to attend Ordinary General Assembly Meeting (virtual).
13 May 2025	Q1 2025 Interim Financial Results announced.
20 April 2025	New Board member appointed to fill vacancy.
27 March 2025	FY 2024 Annual Financial Results announced.
12 January 2025	Latest development: Update on negotiations on potential significant transaction.

Other

During 2025, Cenomi Retail enhanced its investor relations digital platform through the development of a dedicated IR website, designed to improve transparency, accessibility and engagement with the investment community. The platform provides streamlined access to financial disclosures, results presentations, regulatory announcements and governance information.



Investment Case

A differentiated retail platform positioned for sustainable value creation

Cenomi Retail presents a distinctive investment proposition as the only listed franchise retail platform of its kind in the Middle East. Its position is underpinned by market-leading scale, a sharpened portfolio of Tier 1 Champion Brands and disciplined execution across a diversified, multi-format retail model. Operating across markets supported by favorable structural drivers, the Company is focused on translating scale and focus into sustainable, long-term value for shareholders.

Scale and market leadership in the Kingdom of Saudi Arabia

At the core of the investment case is Cenomi Retail's extensive presence in Saudi Arabia, where it operates 541 stores across retail, food and beverage (F&B), and e-commerce formats. This breadth provides unmatched reach, strong brand visibility and operational leverage across the Kingdom's leading retail destinations.

A focused portfolio anchored by leading brands

Cenomi Retail's portfolio is centered on Tier 1 Champion Brands across retail, F&B and digital channels. The mix spans international brands and high-performing local concepts across luxury to value segments, supported by a diversified quick-service restaurant (QSR) portfolio. This balance supports resilience across consumer cycles while enabling scalable growth.

Targeted international expansion

Beyond its core market, the Company has established a disciplined international footprint across eight countries, operating 201 stores globally. Expansion is concentrated in high-potential markets such as Azerbaijan, Georgia and Uzbekistan, where brand performance, market dynamics and scalability align with long-term value creation.

Portfolio optimization remains a strategic enabler of growth, ensuring capital and resources are consistently directed toward brands with the strongest potential to scale, perform and create long-term value.

Capital deployed with discipline

Cenomi Retail continues to invest selectively, prioritizing the scaling of high-performing brands in existing and new markets. This disciplined capital allocation approach supports profitable growth, reinforces operational efficiency and underpins the Company's commitment to delivering sustainable returns over the long term.

A growing omnichannel platform

Digital capabilities are a core enabler of Cenomi Retail's strategy. The Company's omnichannel platform integrates physical retail with a robust digital ecosystem, supported by 20 active mono-brand websites. Online sales now contribute approximately 8% of Group revenue, strengthening customer engagement and extending brand reach across markets.

Strategic Review

Chairman's Statement	38
CEO's Message	40
Business Model	44
Strategy and KPIs	48
Financial Review	50
Our People	58
Sustainability	62

41 key brands represented

At year-end 2025, Cenomi Retail employed 5,338 full-time employees reflecting a streamlined workforce in line with the Company's focused operating model.

Chairman's Statement

Embarking on Growth – A New Era of Strength and Discipline

2025 marked an important inflection point in Cenomi Retail's journey. Over the year, we continued strengthening the institutional foundations of the Company, enhancing our governance framework and advancing structural changes intended to support resilience. While our transformation remains ongoing, these developments are designed to help the Company operate with greater discipline, clearer accountability and stronger strategic alignment as we progress into the next phase.

Ownership Transition. Continuity and Renewal.

The defining milestone of 2025 was the change in our shareholder structure. With Al-Futtaim Group acquiring 49.95% of the founders' stake, the Company entered a new chapter, building on the platform established under the Al Hokair legacy. We welcome the experience that Al-Futtaim brings as a long-term partner, while remaining focused on disciplined execution and responsible stewardship.

What began as a pioneering retail platform built under the Al Hokair legacy has now progressed into a partnership supported by a global retail operator with more than 90 years of experience.

A Milestone Reflected. A Brand Evolution Underway.

This transition represents continuity and renewal. It preserves the strength of our franchise heritage while reinforcing our strategic direction, financial stability and long-term growth potential. The legal name change to AFG International in January 2026 reflects this new phase and we are advancing a broader brand evolution process aligned with this next era of the Company's journey.

Stronger Oversight. Clearer Accountability.

Alongside the ownership transition, we reinforced our governance framework to support disciplined execution and resilience. Six new members joined our Board of Directors during the year, bringing complementary expertise and perspective. We also enhanced our committee structure, reconstitution of the Executive Committee, Audit Committee and Nomination and Remuneration Committee, and established a dedicated Transformation Committee to oversee strategic priorities and execution oversight.

Risk Management. Responsible Stewardship.

These steps strengthen accountability and risk oversight and are intended to keep governance aligned with the Company's evolving structure and long-term objectives. As a Board, we are committed to maintaining the highest standards of oversight, transparency and stewardship as we guide the Company through this period of strategic maturation.

Consolidation Year. Disciplined Execution.

Operationally, 2025 was a year of consolidation. We continued executing the turnaround plan with discipline, while the shareholder transition and related financing steps supported the Company in meeting obligations and strengthening its financial framework. Our strategy did not change; rather, it continued to mature. The foundations laid in previous years were reinforced through improved governance, enhanced capital stability and sharper strategic focus.

Vision 2030. Economic Diversification.

Our role within the Kingdom's economy remains central to our purpose. In 2025, we supported Saudi Vision 2030 through workforce localization, capability development and disciplined operations. As a leading franchise retailer, we contribute to economic diversification by supporting the non-oil retail sector, expanding consumer choice and maintaining international brand partnerships within the Kingdom. Through these efforts, we continue to support employment, skills development and the broader transformation of Saudi Arabia's retail landscape.

Looking Ahead. Measured Ambition.

As we enter 2026, our priorities remain clear. We will continue executing our strategy with discipline, strengthening governance, enhancing financial resilience and positioning the Company for sustainable growth. With a strengthened Board, a global strategic partner and a refined operating platform, we are focused on building sustainable value for shareholders and stakeholders over time.

Appreciation. Shared Commitment.

On behalf of the Board, I extend our appreciation to our customers and our shareholders for their continued trust, to our strategic partners and lenders for their collaboration, and to our brand partners and suppliers for their ongoing commitment. Above all, we recognize the dedication of our employees across all markets, whose efforts underpin our progress. As we progress into this new era, we remain focused on responsible growth, disciplined execution and enduring value creation.

5.1
Group revenue
⃁ bn

> This transition represents continuity and renewal. It preserves the strength of our franchise heritage while reinforcing our strategic direction, financial stability and long-term growth potential.

Hussein Bin Ali Shobokshi
Chairman

CEO's Message

Strengthened Foundations. Disciplined Execution.

2025 was a defining year in Cenomi Retail's transformation journey. While our turnaround remains ongoing, this year marked a clear transition from restructuring toward disciplined growth. Throughout the year, we focused on what matters the most; operational efficiency, portfolio optimization, omni-channel integration and financial stabilization. The result is a stronger, more resilient platform positioned to deliver sustainable value.

Our strategy continued to evolve in response to market dynamics to capture opportunities and navigate potential challenges. Phase 2 of our transformation was centered on stabilizing the platform and positioning the Company to capture future opportunity with a measured, return-led approach. We prioritized cost alignment, liquidity improvement, portfolio rationalization and productivity enhancement across retail and F&B.

Where we made Progress – Delivering Progress with Discipline

The impact of these actions is measurable. Our portfolio became sharper and more focused, with total brands reduced to 41 from 51. Store count declined to 742 from 882, and gross floor area optimized to 306,382 sqm from 367,486 sqm. These reductions were deliberate, reflecting disciplined capital allocation rather than contraction. Revenue per store increased to ⃁ 6.87 million, up 25.2%, demonstrating stronger productivity across a leaner footprint, with Zara and Inditex like-for-like growth of 5.6% for the year.

In 2025, we delivered tangible progress on the fundamentals. Group revenue grew to ⃁ 5.1 billion (an increase of 5.3% year-on-year), supported by strong international performance +18.8% and continued momentum in online sales +15.1%, with online contribution rising to 8.2% of Group revenue. While reported earnings remained impacted by non-recurring items and impairments, these operating indicators demonstrate continued execution discipline and a stronger platform to build on as we progress through the next phase of our transformation.

Furthermore, the transformation of our shareholder structure during the year, alongside refinancing efforts and shareholder loan support, strengthened our liquidity and financial flexibility. These steps enabled us to address obligations while freeing operational cash flow for reinvestment. Our balance sheet today is streamlined, more structured and better positioned to support return-led growth.

Core Brands Anchoring Performance

Our flagship brands, particularly Zara and the broader Inditex portfolio, remained the backbone of performance. These brands continued to demonstrate strong customer relevance and resilience, and the improved like-for-like trend reflects better execution, stronger coordination across channels and more disciplined commercial and operating practices. As we move forward, our priority remains to protect and strengthen the performance of the core portfolio while elevating the customer proposition.

We continued investing selectively in prime locations, including renovations of Mango and Massimo Dutti at Al Nakheel Mall in Riyadh, reinforcing brand positioning in high-traffic destinations. Store yield management improved by 20.4% year-on-year across KSA and 47.1% in our international markets, reflecting disciplined merchandising, inventory management and pricing execution.

Building a Stronger Omnichannel Engine

Customer expectations continue to evolve and omnichannel execution remains a central pillar of our plan. Digital integration remained a critical growth lever. Online revenue reached 8.2% of total Group revenue in 2025, up from 7.5% in 2024. Inditex online revenues increased 25.1% year-on-year, supported by stronger omnichannel coordination and customer preference for digital shopping.

Our focus was not simply on growing online sales, but on creating seamless integration between physical and digital platforms. Product availability, service enhancement and customer engagement were strengthened across touchpoints, reinforcing our ability to compete in an evolving retail environment.

International Discipline and Resilience

International markets played an increasingly important role in our revenue mix in 2025.

Our international strategy remained disciplined and emphasized on stabilization and margin protection. International performance was driven primarily by our CIS markets, where economic conditions in several countries remained resilient and travel activity continued to support footfall and consumer demand. Our results reflect disciplined execution to capture these opportunities – through stronger commercial focus, availability and consistent brand delivery – while maintaining a selective, risk-aware approach across markets.

In Egypt, we applied pricing discipline and operational adaptability in response to inflationary pressures. In Jordan, we concentrated on efficiency and steady brand performance in a stable, steady-growth retail environment.

International revenue growth of 18.8% reflects the resilience of our diversified footprint and the disciplined management of market-specific dynamics.

+5,000

Total workforce as of year-end 2025

> "Our strategy continued to evolve in response to market dynamics to capture opportunities and navigate potential challenges.

Salim Fakhouri
Chief Executive Officer

CEO's Message
(continued)

Investing in our People and National Contribution

Even during transformation, our people remain our greatest strength. We maintained strong diversity and localization metrics. At year-end 2025, Cenomi Retail employed 5,338 people, with female participation at 55.79% and Saudization at 70%. These figures reflect our ongoing commitment to inclusion and national workforce development.

We delivered 13 structured training programs during the year, totaling 84,732 learning hours and supporting 6,809 trainees. Training satisfaction reached 95% and 246 induction sessions were conducted across seven countries. These efforts reinforce our commitment to capability building even during transformation.

Our contribution to Saudi Vision 2030 remains integral to our purpose. Through workforce localization, operational discipline and sustained international brand partnerships, we continue to support economic diversification and the development of the non-oil retail sector.

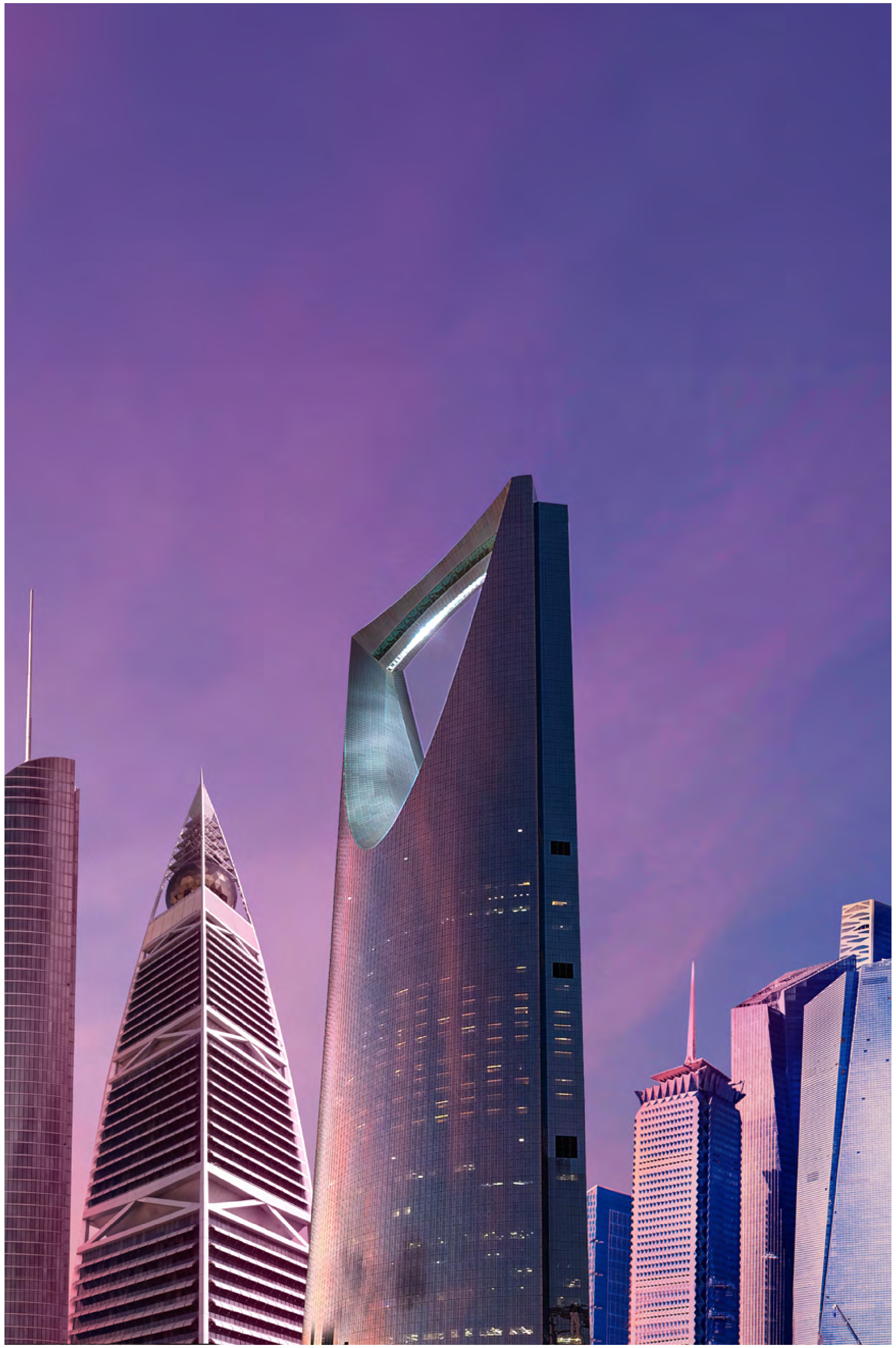
Outlook for 2026 and Beyond

Looking ahead to 2026, our priorities will be selective store expansion in prime locations, targeted renovations, continued cost discipline and strengthening profitability and liquidity. Over the 2026-2028 period, our vision is to establish a resilient, profitable and disciplined retail platform driven by strong governance, omnichannel excellence and optimized capital allocation.

Saudi Arabia remains an attractive retail growth market, with fashion, apparel and F&B projected to expand furthermore. Against this backdrop, our approach is measured and return-led. We will protect and strengthen our core fashion portfolio, sharpen customer value and experience, accelerate omnichannel execution and raise productivity across our existing network. We will also pursue adjacent opportunities selectively, ensuring disciplined capital deployment aligned with clear returns.

Acknowledgements

In 2025, Cenomi Retail entered a new chapter in its ownership structure. On 15 September 2025, under a share purchase agreement, 49.95% of the founders' collective shareholding was transferred, and we welcomed Al-Futtaim Group as a major shareholder, bringing deep retail expertise and long-term partnership. I would like to thank our founding shareholders, Al Hokair, for the legacy they established and for their continued support through this transition. I also thank our Board of Directors for their guidance, our brand partners for their collaboration and our customers for their trust. Above all, I recognize our employees across all markets whose dedication and resilience continue to drive our progress. 2025 has strengthened our foundations. As we move forward, we do so with discipline, clarity and confidence in our ability to deliver sustainable growth and long-term value.



Business Model

Creating sustainable value through an integrated retail platform

As the Kingdom's leading retail brand partner, Cenomi Retail operates an extensive and integrated fashion and F&B platform across Saudi Arabia and selected international markets. Through brand partnerships, strategically located stores in prime retail destinations and expanding omnichannel capabilities, the Company delivers sustainable growth and long-term value for shareholders, customers, employees and business partners.

Cenomi Retail operates **742** stores across **138** shopping malls in eight countries, representing **41** brands. Its footprint spans approximately **306,382** square meters of gross leasable area and is supported by a workforce of more than **5,000** employees.

Our inputs – The capitals we deploy

Cenomi Retail's value creation is powered by five core capitals. Natural capital - covering energy, materials and operational footprint - is addressed in the Sustainability section of this report.

Capital	What we deploy	FY-2025 indicator
Financial	A strengthened balance sheet supported by recent refinancing and strategic shareholder transactions, providing liquidity and flexibility for transformation and growth.	Refer to CFO Financial Review
Physical stores and distribution channels	Physical retail and distribution infrastructure positioned in high-quality and premium retail destinations across KSA and selected international markets.	742 stores; 138 shopping malls; 8 countries; ~306,382 sqm GLA
Intellectual	Long-term partnerships with leading global brand owners and a digital commerce architecture supporting customer acquisition and conversion.	41 brands; 20 mono brand websites
Human	A skilled retail workforce trained in merchandising, store operations, customer service and transformation delivery.	More than 5,000 employees
Strategic partnerships	Strong relationships with global brand partners - including momentum within Tier 1 Champion brands - alongside trusted landlord and customer relationships across all markets.	Qualitative

Our activities – How we operate

Cenomi Retail operates an integrated retail platform spanning end-to-end execution across five core activities.

Brand and portfolio management

Curating the brand portfolio, prioritizing the strongest concepts and reinforcing leadership in priority categories.

Supply chain and inventory management

Improving inventory productivity and reducing cost-to-serve while maintaining availability and service levels.

Store operations and customer experience

Operating stores to consistent, best-in-class standards, with investment in flagship and high-impact destinations.

Omnichannel commerce

Delivering a seamless online and offline customer journey through unified commercial execution and continuous improvement of fulfilment economics.

Selective market expansion

Pursuing disciplined openings in high-traffic, premium locations and scaling in high-potential international markets.

Our outputs

Through these activities, Cenomi Retail produces:

- A fashion and F&B retail offering across 41 brands and eight markets
- Employment for more than 5,000 people across KSA and international operations
- Physical and digital customer experiences delivered through ~742 stores and 20 mono brand websites
- Operating cash flow and tax contribution to host economies

Business Model
(continued)

Our outcomes – Value created for stakeholders

Cenomi Retail's business model delivers measurable value to all stakeholder groups

Stakeholder	Value created	FY-2025 indicator
Shareholders	Sustainable top-line growth and improving gross margin through disciplined execution, productivity and cost optimization.	Revenue ⃁ 3.7 bn (+5.3% YoY); gross profit ⃁ 579.6 m (+2.5% YoY)
Customers	Convenient, consistent retail experience across fashion and F&B, delivered through physical and digital channels with improving fulfilment efficiency.	Online share of Group revenue 8.2%; online sales +15.1% YoY
Brand partners	A scalable local operating platform and access to growth markets, particularly in the CIS corridor, supported by retail execution, real estate access and omnichannel capability.	International retail revenues +18.8% YoY
Employees	Job creation, capability building and career development across KSA and international markets.	More than 5,000 employees
Communities	Contribution aligned with Vision 2030 and broader social impact in host markets.	Refer to Sustainability section

Our competitive strengths

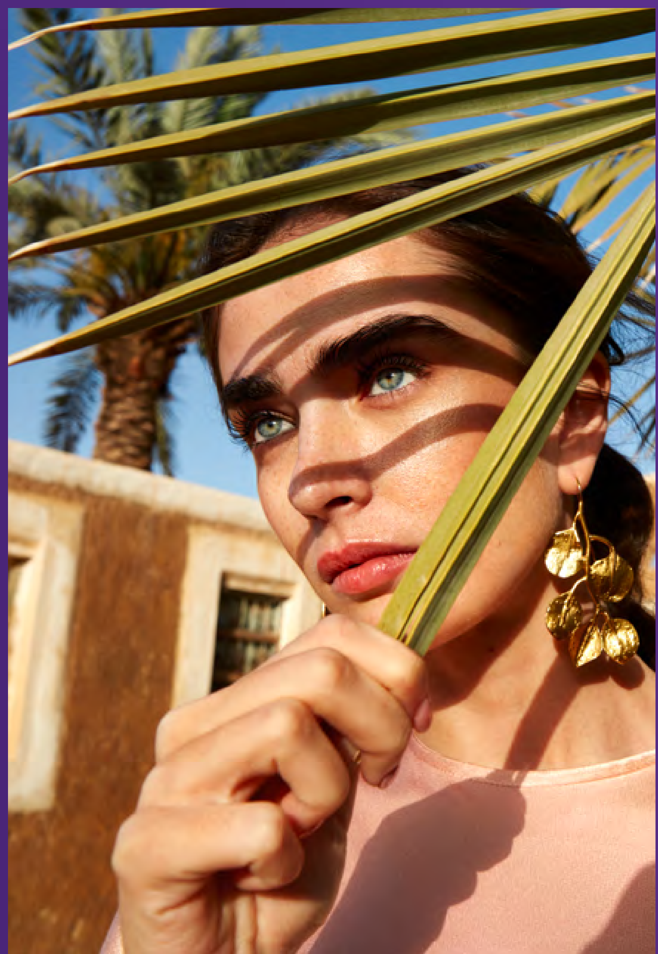
Cenomi Retail's competitive position is underpinned by:

- Long-term partnerships with leading global brands
- Prime destination presence and operational scale
- A disciplined retail execution culture
- Scalable omnichannel capabilities supporting customer convenience
- A strengthened financial platform supporting transformation and growth

Strategy and KPIs

Cenomi Retail's strategy follows a phased roadmap, driving transformation, sustainable growth and operational excellence to unlock the Company's full potential and deliver long-term value for all stakeholders. With its sharpened focus and disciplined execution, the Company is strengthening core operations, expanding market reach and positioning the business for scalable, profitable growth.

Strategic Phase	**Phase 1** Fix the House (2023-2024)	**Phase 2** Embark on Sustainable Growth (2024-2026)	**Phase 3** Achieving Optimal Potential (2026+)
Description	• Rationalize brand and store portfolio • Exit/stabilize non-strategic markets • Revamp processes and systems to ensure efficiency • Onboard new Brand Champions in core markets • Deleverage the Company and secure cash for growth	• Invest to scale existing brands across markets • Identify white space opportunities and secure new franchises in key markets • Grow e-commerce	• Scale existing brands to maximum potential ensuring comprehensive coverage of key cities in target markets • Invest in scaling new brands
KPIs	• Sell 24 non-core brands Increase efficiency and cost optimization throughout the whole organization • Enter new markets with potential for growth • Commit to deleveraging the balance sheet	• Invest in prime-location stores • Further increase operational efficiency • Select prime locations (Prime Malls) to further expand Tier 1 Champion Brands	• Continue expansion in domestic market and internationally
2025 Achievements	• 24 non-core brands were sold with a ⃁ 210 million capital gain • Store network decreased by 34.6%, from a total number of 1,345 stores in 2023 to 880 stores in 2024 • Total net debt was reduced by 31.6% and financial charges were reduced by 4.2% • Entered Uzbekistan in February 2024 and opened seven Inditex stores. Achieved sales revenue of ⃁ 132 in less than one year • The focus on optimizing cost efficiency led to a reduction in SG&A by 23.2% YoY • Digital presence expanded by launching Zara and Massimo Dutti online stores in Uzbekistan	• Renovated Zara in Al Nakheel Mall and reopened the store in December 2024, generating approximately a 40% increase in sales • Opened 47 new Subway stores, achieving a world record twice in 2024 by opening 12 new stores in one day and 14 new stores on another day • Launched four Inditex brands on an online channel, Trendyol, in December 2024 • Improved inventory efficiency from an average of 15.3 weeks on hand in 2023 to 11.3 weeks in 2024 • Cenomi Retail expands its strategic presence in Azerbaijan with a new Zara store, following the opening of six new Inditex stores in 2024, at Baku's iconic shopping destination **In 2025** • Fashion: Higher store productivity and continued international expansion, led by strong Inditex brand performance, revenue per store 25.2% YoY • F&B: Portfolio streamlined and refocused on core, higher-return brands decreased from 10 brands to only five brands • Online: Continued strong digital growth across markets increasing 14.8% YoY • Operating costs structurally optimized and store productivity improved, supporting greater operating efficiency, with SG&A decreasing 4.75% YoY • Capital structure strengthened through a ⃁ 1.35 billion shareholder facility and ⃁ 1.6 billion refinancing, extending debt maturities and enhancing financial flexibility • Al-Futtaim joined as a strategic shareholder during the year, marking a major milestone in the Company's transformation journey	



Our Values

Delight customers
We always focus on our customers' needs and wants

Commit to deliver
Show personal commitment to delivering results

Execute with excellence
How we work is as important as what we deliver

Win together
We work together for speed and execute for success

Embrace change
Have courage to think about and shape a better future delivering results

2026 Goals

- Remain focused on scaling growth and strengthening profit-ability
- This will build the platform for Phase 3 and the next stage of value creation

Financial Review

A three-year financial review (FY2023-FY2025)

2025 marked an important transition year for Cenomi Retail as the Company progressed from structural stabilization into its next phase. Over the course of the year, the business continued to execute its portfolio rationalization strategy: refinance its debt structure. These actions were undertaken within a retail environment characterized by evolving consumer behavior, increasing competition and continued pressure on operating costs, requiring execution across both the Saudi Arabia and international platforms.

FY2025 Revenue	2025 Gross profit	2025 Revenue per store
⃁ 5.1 bn	⃁ 579.6 m	⃁ 6.9 m
2024: 4.8bn | 2023: 4.7bn	GPM 11.4% 2024: 11.7% | 2023: 12.8%	2024: 5.5m | 2023: 3.5m
+9.3% FY23→FY25		+98% FY23→FY25
Top-line growth despite network rationalization	Gross profit broadly stable in absolute terms across three years	Smaller network with higher revenue per location

Phase 1 to Phase 2: The story behind the numbers

Cenomi Retail's three-year restructuring comprised two phases. Phase 1 – Fix the House – began in FY-2023. The Group exited 603 net stores and took the impairment charges to right-size a portfolio that had grown beyond its productive capacity. In FY-2024, revenue reached ⃁ 4,847.1 million despite the smaller network, and revenue per store improved 58% year-on-year (from ⃁ 3.47 million to ⃁ 5.50 million).

FY-2025 represents the transition into Phase 2 – Embark on Growth – supported by Al-Futtaim Group's strategic investment in September 2025, which provided financial restructuring and a commercial partnership. Group revenue reached ⃁ 5,103.9 million (+9.3% FY-2023 to FY-2025), with international markets growing 50.2% (which include CIS countries, Egypt and Jordan) over the same period and revenue per store reaching ⃁ 6.9 million (+98%). Short-term bank debt fell from ⃁ 1,760 million to ⃁ 35 million.

Group revenue grew to ⃁ 5.1 billion despite a materially smaller store network, reflecting higher revenue per retained store. Revenue per store increased to ⃁ 6.9 million, a 98% improvement since 2023, while gross profit was broadly stable in absolute terms across the restructuring period. At the same time, SG&A as a percentage of revenue declined from 11.4% in FY-2023 to 10.1% in FY-2024 and 9.1% in FY-2025; a 230bps reduction across the FY-2023 to FY-2025 period.

Strategic finance review

Capital structure

During 2025, the Group changed the structure and maturity profile of its debt. In prior years, the concentration of short-term liabilities had created substantial refinancing pressure and elevated liquidity risk. During 2025, the Company restructured this position through a combination of strategic shareholder support and long-term bank refinancing.

At the end of 2024, approximately % 1.76 billion of the Group's total bank debt was classified within current liabilities, representing the primary source of the going concern uncertainty highlighted at that time. By the end of 2025, current loans and borrowings had reduced to % 34.7 million, while non-current bank borrowings increased to % 1.6 billion following the refinancing. This extended the maturity profile of the Group's obligations and eased liquidity pressures.

Emirates NBD refinancing facility

In September 2025, the Company secured a % 1.6 billion financing facility with Emirates NBD Bank in Saudi Arabia. The facility was used to settle the Group's existing syndicated banking obligations and establish a stable long-term financing structure.

Initially arranged as a short-term 90-day facility, the loan was converted in December 2025 into a three-year term facility, with the option for a further two-year extension at the bank's discretion. Following conversion, the facility carries an interest rate of three-month SAIBOR plus 1.2%.

The financing is supported by a corporate guarantee from Al-Futtaim Group, reflecting the strategic shareholder's involvement. At 31 December 2025, the outstanding balance of the facility stood at ⃁ 1.57 billion.

Al-Futtaim shareholder loan

Alongside its strategic investment in the Company, Al-Futtaim Group also provided a ⃁ 1.35 billion shareholder loan during 2025 to support the Group's financial position and settle existing obligations.

The facility carries an interest rate of three-month SAIBOR plus 3.6%, with interest capitalized rather than paid in cash. On 31 December 2025, the carrying value of the loan stood at ⃁ 1.38 billion, including ⃁ 28.5 million of accrued interest. The facility has a five-year tenure and includes an option to convert the outstanding balance into equity, subject to regulatory and shareholder approvals.

Together, the Emirates NBD refinancing and Al-Futtaim shareholder facility extended the Group's debt maturity profile.

> 2025 was the year we changed our financial trajectory. Revenue of ⃁ 5.1 billion from a materially smaller network reflects a portfolio rebuilt around productivity rather than scale. We reduced our cost base for a third consecutive year and completed a refinancing that places our funding on a more stable footing. Meaningful work remains on the balance sheet, and we enter 2026 focused on converting operational discipline into sustainable profitability.

Ahmed AbdelKareem
Chief Financial Officer

Financial Review
(continued)

Group financial performance

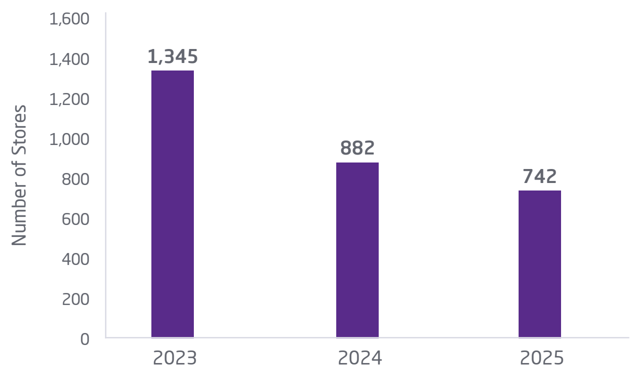
Revenue and gross profit

Group revenue increased from ⃁ 4.85 billion in 2024 to ⃁ 5.10 billion in 2025, representing year-on-year growth of 5.3% and cumulative growth of 9.3% over the FY-2023 to FY-2025 transformation cycle. This performance was achieved despite a substantial reduction in the Group's store network over the transformation period, with total store count declining from 1,345 stores at the end of 2023 to 742 stores at the end of 2025.

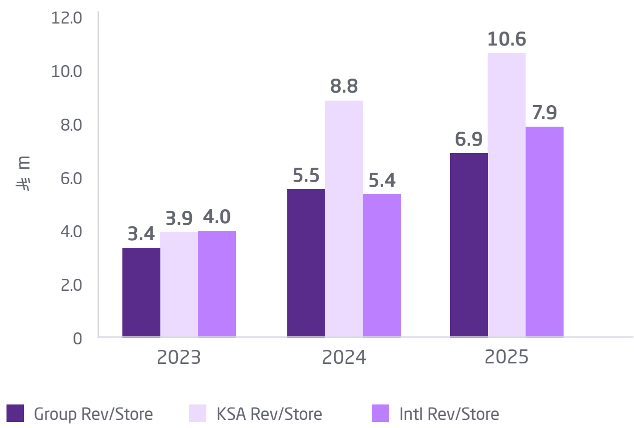
Revenue growth was achieved alongside a substantial reduction in the size of the store network. Group revenue per store increased from ⃁ 3.47 million in 2023 to ⃁ 6.88 million in 2025, representing an improvement of 98% over the period.

Gross profit reached ⃁ 579.6 million in 2025 compared to ⃁ 565.6 million in 2024 and ⃁ 596.7 million in 2023. Gross margin stood at 11.4% in 2025 compared to 11.7% in 2024 and 12.8% in 2023. The decline in reported gross margin primarily reflects the reclassification of certain depreciation expenses within cost of revenue during 2025, while the underlying product margin of the retained portfolio remained stable.

Store Count by Category



Revenue per Store (⃁ m)



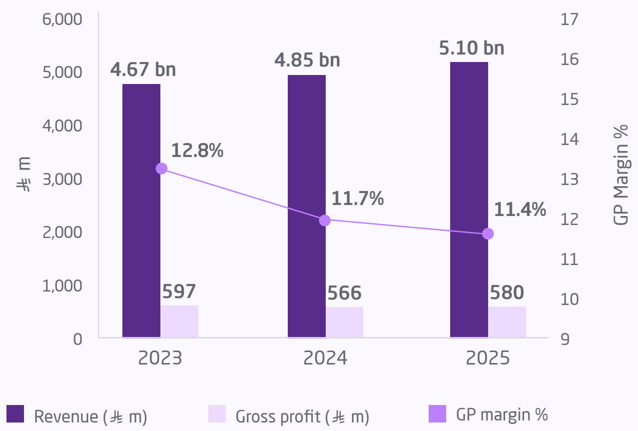
	2023	2024	2025	FY23-FY25
Revenue (⃁ m)	4,671.2	4,847.1	5,103.9	**+9.3%**
Gross profit (⃁ m)	596.7	565.6	579.6	**−2.9%**
Gross margin (%)	12.8%	11.7%	11.4%*	**(1.4pp)**
SG&A (⃁ m)	530.4	488.2	465.0	**−12.3%**
Net loss (⃁ m)	(1,112.8)	(197.5)	(496.7)	**see note***

*FY-2025 gross margin impacted by reclassification of depreciation expense within cost of revenue.

*Net loss in FY-2024 reflected one-off gains; FY-2025 reflects non-recurring charges, foreign exchange impacts and tax settlements and assets write off, recognized during the year (see Net profitability).

*FY-2023 revenue, gross profit and SG&A have been adjusted to include continuing operations only – excluding exited and discontinued brands – to reflect the progression and underlying performance of the continuing brand portfolio. Balance sheet items and net results are presented as per the Group's published consolidated financial statements.

Revenue and Gross Profit



Operating expenses

The Groups cost base reduced over the period. SG&A expenses declined from ⃁ 530.4 million in 2023 to ⃁ 465.0 million in 2025, representing a cumulative reduction of 12.3% despite revenue growth over the same period.

As a percentage of revenue, SG&A declined from 11.4% in 2023 to 10.1% in 2024 and to 9.1% in 2025; a 230bps reduction across the FY-2023 to FY-2025 period, reflecting lower overhead and the effect of portfolio rationalization. The reduction indicates the alignment of the cost base with the scale of the network.

Net profitability

Across the past three years, revenue increased and SG&A declined. In 2024, the Group benefited from the peak effect of the portfolio rationalization cycle, including one-off gains related to portfolio restructuring and asset rationalization, most notably a capital gain of ⃁ 211 million. In contrast, 2023 was materially impacted by goodwill impairment charges and non-recurring restructuring expenses associated with the initial phase of the restructuring program.

The Group reported a net loss of ⃁ 496.7 million in 2025 compared to a net loss of ⃁ 197.5 million in 2024. The increase reflects non-recurring items recognized during the year – goodwill impairment, foreign exchange impacts and tax settlements – together with finance costs incurred on the Group's borrowings during the year and elevated professional fees to support the transformation and refinancing plan, including the shareholder loan agreement.

Revenue increased, gross profit was stable in absolute terms and SG&A declined.

Balance sheet and working capital review

Debt profile and leverage

The principal balance sheet development during the year was the change in the structure and maturity profile of the Group's debt. Total bank borrowings declined from ⃁ 1.84 billion in 2024 to ⃁ 1.61 billion in 2025 following the refinancing completed during the year.

Current loans and borrowings reduced substantially, from ⃁ 1.76 billion to ⃁ 34.7 million. The remaining short-term balances relate mainly to smaller subsidiary facilities within Georgia and Uzbekistan.

Net financial debt[1], excluding the Al-Futtaim shareholder loan, declined from ⃁ 1.59 billion in 2024 to ⃁ 1.36 billion in 2025. Together with the shareholder facility, total net debt[2] stood at ⃁ 2.74 billion at year-end.

[1] Net financial debt = Short-term loans + long-term bank loans − cash and cash equivalents. Excludes the Al-Futtaim shareholder loan.

[2] Total net debt includes the ⃁ 1,378.5 million Al-Futtaim shareholder loan, which has no scheduled principal repayments before maturity, accumulates interest rather than paying it in cash, and can be converted into equity.

Financial Review
(continued)

Inventory and working capital

Inventory declined from ⃁ 793.5 million in 2023 to ⃁ 594.2 million in 2025, a 25% reduction over the same period.

Trade payables reduced from ⃁ 1.84 billion in 2024 to ⃁ 899.8 million in 2025.

Equity position

Total equity at year-end stood at negative ⃁ 1.47 billion compared to negative ⃁ 1.02 billion in 2024, reflecting the cumulative impact of historical losses and restructuring-related charges recognized during the period.

Accumulated losses increased to ⃁ 2.11 billion in 2025 compared to ⃁ 1.61 billion in 2024.

Balance sheet item	2023	2024	2025	Commentary
Assets				
Total assets (⃁ m)	5,757.6	4,614.0	4,023.5	Reflects portfolio rationalization
Loans and borrowings				
ST loans (⃁ m)	2,298.2	1,760.2	34.7	−98.0% year-on-year (⃁ 1,760.2m → 34.7m); short-term portion refinanced into the non-current ENBD facility
LT loans - Bank (⃁ m)	208.5	82.4	1,574.0	ENBD three-year facility - fully non-current
Al-Futtaim shareholder loan (⃁ m)	-	-	1,378.5	Shareholder facility
Working capital				
Trade payables (⃁ m)	1,400.1	1,839.1	899.8	51.1% reduction YoY (⃁ 1,839.1m → 899.8m)
Leverage				
Net financial debt[1] (⃁ m)	2,271.5	1,586.4	1,364.7	Excl. Al-Futtaim shareholder loan
Total net debt[2] (⃁ m)	2,271.5	1,586.4	2,743.2	Incl. Al-Futtaim shareholder loan
Equity				
Total equity (⃁ m)	(806.3)	(1,018.1)	(1,466.2)	Reflects cumulative losses to date
Accumulated losses (⃁ m)	(1,403.9)	(1,606.9)	(2,112.9)	-

[1] **Net financial debt** = Short-term loans + long-term bank loans − cash and cash equivalents. Excludes the Al-Futtaim shareholder loan.

[2] **Total net debt** includes the ⃁ 1,378.5 million Al-Futtaim shareholder loan, which has no scheduled principal repayments before maturity, accumulates interest rather than paying it in cash, and can be converted into equity.

Segment and operational performance

2025 Saudi Arabia revenue

⃁ 3.2 bn

FY 2024: 3.2 bn | FY 2023: 3.2 bn
Revenue stable

Portfolio rationalized;
Q4-2025 LFL growth to a positive territory of 4.1%

2025 International revenue

⃁ 1.6 bn

2024: 1.3 bn | 2023: 1.1 bn
+50.2% FY23→FY25

CIS cluster; largest contributor to international revenue

2025 Online revenue

⃁ 417.3 m

2024: 363.4 m | 2023: 374.3 m

8.2% of total revenue in 2025

2025 F&B revenue

⃁ 323.2 m

2024: 327.8 m | 2023: 379.2 m

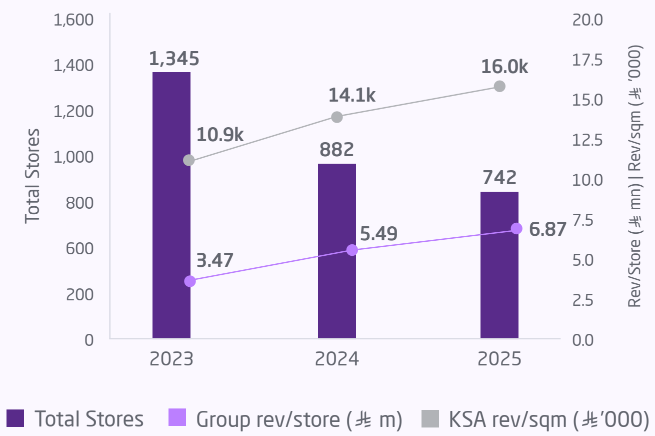
Portfolio reduced to five brands

Saudi Arabia Retail

Saudi Arabia remained the Group's largest market in 2025. Revenue remained broadly stable at approximately ⃁ 3.2 billion despite portfolio rationalization undertaken during the period.

The Saudi store network reduced from 824 stores in 2023 to 301 stores in 2025 as the Company exited selected locations and concentrated the portfolio on a smaller number of brands and formats. Saudi revenue per store increasing from ⃁ 3.93 million in 2023 to ⃁ 10.62 million in 2025. Revenue per square meter increased by 46.3% over the same period, reaching ⃁ 15,971.

Store Rationalisation and Productivity Uplift



Financial Review
(continued)

International Retail
International Retail revenue grew at a higher rate than Saudi Arabia in 2025. Revenue from the CIS cluster increased from ⃁ 883.0 million in 2023 to ⃁ 1.42 billion in 2025, representing an increase of 60.3% (FY-2023 to FY-2025).

Georgia remained the largest international market by revenue, generating revenue of ⃁ 612.2 million in 2025. Azerbaijan revenue grew at double-digit rates, Armenia returned to growth and Uzbekistan continued to scale following its market entry in 2024.

International revenue per store increased from ⃁ 3.95 million in 2023 to ⃁ 7.89 million in 2025. Performance reflected stable consumer demand, mall traffic and tourism across the segment.

Market	2023	2024	2025	Cumulative growth (FY23→FY25)
Georgia	382.1	484.6	612.2	+60.2%
Azerbaijan	264.7	335.2	392.2	+48.2%
Armenia	212.6	186.7	226.0	+6.3%
Uzbekistan	-	132.5	179.7	New market
Jordan	134.0	146.2	149.6	+11.6%
Egypt	38.4	32.9	20.1	-47.7%
Kazakhstan	23.6	16.5	5.1	-78.4%
CIS total	**883.0**	**1,155.5**	**1,415.3**	**+60.3%**
International total	**1,055.4**	**1,334.6**	**1,584.9**	**+50.2%**

* Revenue figures in ⃁ m. Morocco and Balkans exited in FY-2023; USA exited in FY-2024; net revenue removed from comparatives: ⃁ 135 m. Jordan and Egypt are reported within International Retail but sit outside the CIS cluster; the international total includes all markets shown.

F&B
The F&B portfolio was rationalized during the period toward a focused five-brand operating platform.

F&B revenue reached ⃁ 323.2 million in 2025 compared to ⃁ 327.8 million in 2024 and ⃁ 379.2 million in 2023. The trajectory reflects the deliberate exit of non-core brands.

Revenue per store increased compared to the 2023 basis.

E-commerce
Online revenue grew 14.8% year-on-year in 2025, supported by continued customer demand for digital shopping.

Online revenue increased to ⃁ 417.3 million compared to ⃁ 363.4 million in 2024, representing 8.2% of total Group revenue. Growth was supported by the increasing online contribution of Tier 1 Champion brands across both Saudi Arabia and international markets.

Financial KPIs (2023-2025)

	2023	2024	2025	Cumulative growth (FY23→FY25)
Revenue (⃁ m)	4,671.2	4,847.1	5,103.9	▲ +9.3% (3 yr)
Gross profit	596.7	565.6	579.6	▶ Stable
Gross margin	12.8%	11.7%	11.4%*	▶ Stable
Net loss (⃁ m)	(1112.8)	(197.5)	(497.7)	▶ Impacted by non-recurring expenses
Total stores	1,345	882	742	▼ Rationalized -45%
Revenue/store (⃁ m)	3.47	5.50	6.88	▲ +98%
KSA revenue/sqm (⃁)	10,918	14,051	15,971	▲ +46.3%
ST loans (⃁ m)	2,298	1,760	35	▼ -98.5% (vs 2023)
Online percentage of revenue	8.0%	7.5%	8.2%	▲ +0.2pp (3 yr)
CIS revenue (⃁ m)	883	1,156	1,415	▲ +60%

Operational KPI	FY-2023	FY-2024	FY-2025	(FY23→FY25)
Total stores	1,345	882	742	▼ rationalized -45%
KSA stores	824	361	301	▼ focused portfolio -63%
International stores	267	249	201	▼ exits completed -25%
F&B stores	254	272	240	▼ rationalized
Group revenue/store (⃁ m)	3.47	5.50	6.88	▲ +98%
KSA revenue/store (⃁ m)	3.93	8.82	10.62	▲ +170%
KSA revenue/sqm (⃁)	10,918	14,051	15,971	▲ +46%
International revenue/store (⃁ m)	3.95	5.36	7.89	▲ +100%
Inventory (⃁ m)	793.5	638.0	594.2	▼ -25% (2 yr)

Our People

Building a focused, performance-driven organization

Cenomi Retail's people agenda in 2025 was closely aligned with its enterprise transformation, reinforcing organizational clarity, leadership effectiveness and disciplined execution across the business. With the reset phase complete, the Company concentrated on embedding accountability, simplifying structures and strengthening functional governance to support consistent operational delivery and sustainable performance.

Strengthening organizational clarity and leadership alignment

During 2025, Cenomi Retail realigned reporting lines and clarified leadership responsibilities to enhance governance and execution focus. Commercial and enterprise functions were more clearly separated to improve accountability and decision-making efficiency, while strategic growth enablers were elevated with direct leadership oversight and defined mandates.

Leadership attention was sharpened on the Kingdom as the core market, supported by improved regional coordination across international operations. These structural enhancements reinforced a culture of ownership, transparency and performance-driven execution, creating a more agile and scalable organization positioned for long-term growth.

Workforce structure aligned with strategic priorities

At year-end 2025, Cenomi Retail employed 5,338 full-time employees, reflecting a streamlined workforce in line with the Company's focused operating model. Female employees represented 55.79% of the workforce and male employees 44.21%, demonstrating a balanced and inclusive workforce composition. Saudization increased to 70%, underscoring the Company's continued commitment to national talent development and its role in supporting the Kingdom's workforce objectives.

The optimization of headcount was undertaken to align resources with core business priorities while maintaining operational continuity across markets. This disciplined approach ensured that critical functions and high-performing teams remained well supported, reinforcing stability and execution strength.

Full-time employees

5,338

2024: 6,675

2023: 8,643

Female employees

2,978 (55.79%)

2024: 3,317 (49.69%)

2023: 5,045 (58.37%)

Male employees

2,360 (44.21%)

2024: 3,358 (50.31%)

2023: 3,598 (41.63%)

Saudization

70%

2024: 64%

2023: 74%

Advancing capability and leadership engagement

Capability development remained a priority throughout the year. As part of its learning and development proposals, Cenomi Retail participated in the WAAD Initiative in collaboration with the Ministry of Human Resources and Social Development, aimed at enhancing employee skills and strengthening workforce readiness.

Leadership engagement was strengthened through a comprehensive knowledge-sharing session led by the CEO. This initiative connected store-level and corporate employees across operating countries, enabling the direct exchange of strategic insight and reinforcing alignment with the Company's long-term vision. By extending engagement across all levels of the organization, Cenomi Retail fostered transparency and strengthened its culture of continuous learning.

Team-building initiatives were also delivered during the year to enhance collaboration reinforce cross-functional coordination, and support a unified performance culture across markets.

Developing national talent and strengthening workforce readiness

Cenomi Retail expanded its contribution to human capital development through the implementation of the Cooperative Training (COOP) Program in 2025. Designed to enhance students' employability through practical workplace experience, the initiative included cooperation agreements with King Saud University and Imam Mohammad Ibn Saud Islamic University. These partnerships strengthened practical training opportunities, supported job readiness and reinforced the Company's Saudization objectives by cultivating a future pipeline of skilled local talent.

Through structured learning pathways and hands-on exposure, Cenomi Retail continued to position itself as an employer committed to developing capabilities that support both business needs and national priorities.

Our People
(continued)

Strengthening capability across the organization

Cenomi Retail's investment in capability building and workforce development remained a central pillar of its people strategy in 2025. The metrics below reflect the scale, reach and impact of structured learning initiatives delivered across the organization during the year.

13
Training programs

95%
Satisfaction

84,732
Learning hours

6,809
Number of trainees

8
countries

246
Induction program sessions

Recognition of workforce development excellence

The impact of Cenomi Retail's workforce initiatives was recognized externally during the year, with the Company receiving the Labor Award for Best On-the-Job Training Program. This recognition reflects the strength of its structured training framework and the effectiveness of its approach to employee development.

People and organization transformation in 2025

Dimension	2025 transformation
Organizational clarity and leadership enabling	Realigned reporting lines and responsibilities, strengthening governance and execution clarity
Growth enablers	Strategic growth enablers elevated with direct leadership focus and clearer mandates
Leadership focus	Sharper leadership focus on KSA core market with improved regional coordination
Culture and performance	Stronger culture of ownership, collaboration and performance-driven execution

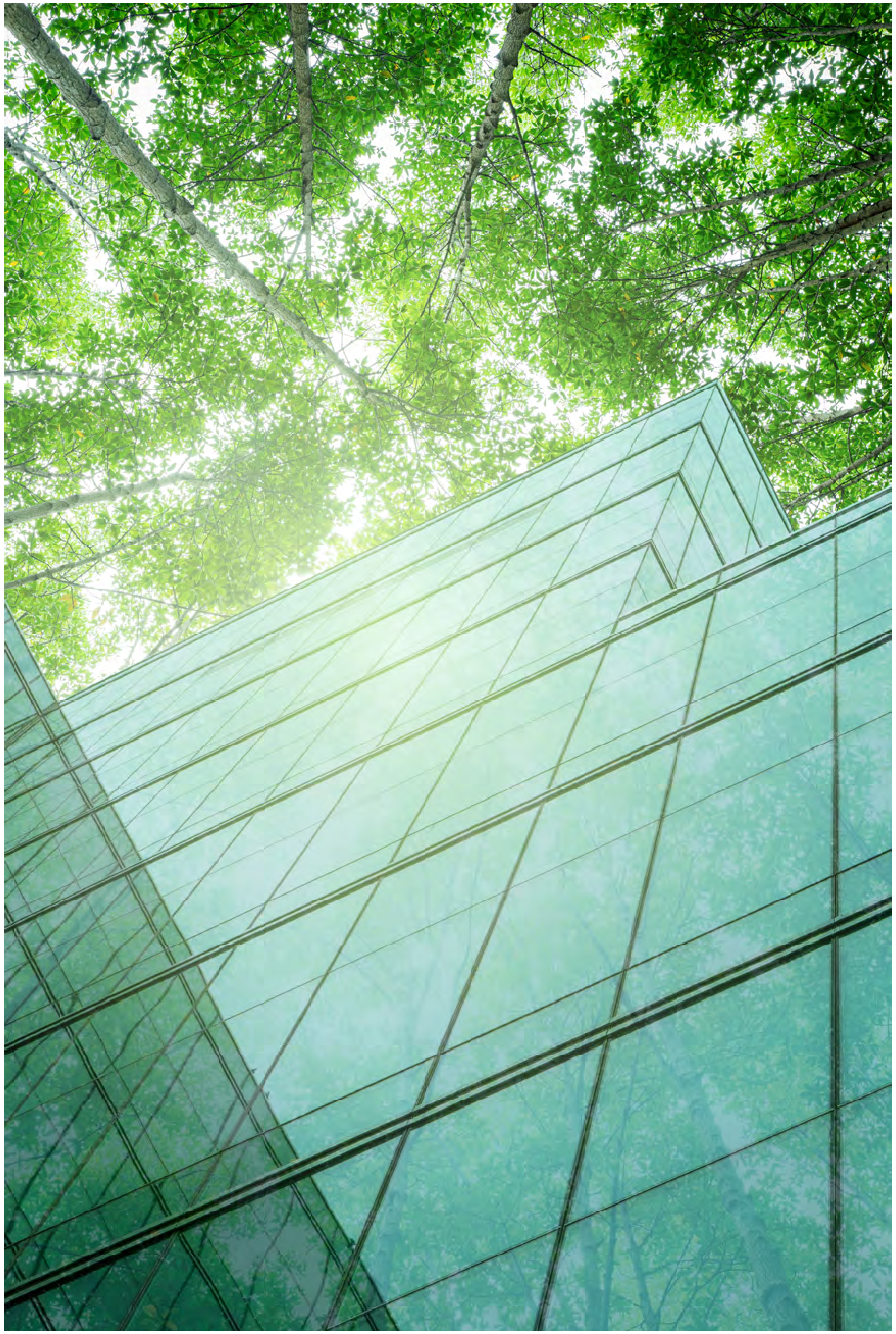
Positioned for sustained performance in 2026

By year-end, Cenomi Retail had reinforced a clearer leadership structure, strengthened governance mechanisms and brought its workforce in line with core strategic priorities. With a streamlined employee base, elevated growth enablers and continued investment in capability building, the Company enters 2026 with enhanced organizational focus and a people platform designed to support disciplined execution, operational excellence and long-term value creation.

Sustainability

Driving sustainable impact across key markets

Sustainability remained an important component of Cenomi Retail's long-term value-creation approach in 2025, embedded through practical actions that support people, strengthen communities and enhance operational resilience across its Saudi and international footprint. The Company's approach is shaped by the specific priorities of each market, enabling local businesses to deliver relevant and measurable impact while remaining aligned with shared Group principles. Throughout the year, progress was driven through initiatives focused on inclusion, talent development, responsible resource management, employee well-being and community engagement, demonstrating how disciplined execution and responsible growth continued to advance together.



Sustainability
(continued)

Saudi Arabia

Developing national talent, elevating service standards and strengthening workplace culture

The Saudi Arabia business advanced its sustainability priorities in 2025 through a strong focus on people development, local talent creation and employee engagement across the Company's largest and most strategic market. Aligned with Saudi Vision 2030 and Cenomi Retail's broader sustainability agenda, the business continued to invest in workforce capability, customer experience and inclusive employment pathways, reinforcing a high-performance culture across store and non-store operations.

Talent development remained central to progress during the year. Through onboarding and digital learning platforms, newly hired employees received structured assistance from dedicated store coaches who provided guidance and practical training during the early stages of employment. Internal training modules were also delivered to keep employees updated on operational procedures, sustainability priorities and retail best practices. Training materials were further translated and uploaded to the Train platform to improve accessibility and learning engagement across the workforce.

Leadership capability continued to be strengthened through targeted development programs for store managers and department managers, designed to enhance leadership skills and operational effectiveness. Continuous learning initiatives across non-store functions also supported the development of professional and technical competencies, helping build a deeper and more future-ready talent base across the organization.

Customer experience remained another key priority. During 2025, workshops were launched to enhance service standards, strengthen customer engagement and promote consistent in-store excellence across the retail network. English language courses for key positions were also introduced to improve communication capabilities and further elevate service delivery.

Employee engagement and workplace culture were reinforced through a range of internal initiatives delivered throughout the year. Official gatherings were organized across store and non-store teams, including National Day, Foundation Day, Zara's 50th anniversary celebrations, Ramadan Iftar events and Ramadan Preparation Roadshows. These initiatives helped bolster team cohesion, celebrate shared values and foster a connected workplace culture.

Community engagement and local employment creation remained important priorities. Recruitment open days were held with Colleges of Technology to attract fashion design talent for visual merchandising roles, while collaboration with the Ministry of Tourism supported hiring for store manager and assistant positions. Additional in-house events were also delivered to expand employment opportunities and bolster connections with local talent pools.

Through these initiatives, the Saudi Arabia business demonstrated how investment in people, customer excellence and national workforce development can create long-term value and support the continued evolution of the Kingdom's retail sector.

Launched several workshops to enhance customer experience and service standards

Georgia

Advancing inclusion, environmental stewardship and responsible growth

The Georgia business delivered meaningful sustainability progress in 2025, through a balanced focus on people, community impact and environmental responsibility. The business continued to embed responsible practices across its operations, demonstrating that commercial performance and positive social outcomes can advance together. Its achievements during the year reflected a practical, results-oriented approach to sustainability, centered on inclusion, workforce development and measurable environmental action.

A major milestone was external recognition for social impact, with the business receiving the SDG 8 Award for Decent Work and Economic Growth. This achievement was enhanced by the successful reduction of the business' gender pay gap to below 2%, underscoring its commitment to fair opportunity, equitable reward practices and an inclusive workplace culture.

Once again, inclusion was a key priority throughout the year. The business expanded its hiring program for deaf and hard-of-hearing colleagues, reaching 22 employees across Tbilisi and Batumi. This initiative bolstered workforce diversity while creating meaningful employment opportunities and widening access to the retail sector. Employee engagement also improved, reflecting stronger retention, enhanced workplace experience and a more stable operating environment.

Environmental action during the year included both direct initiatives and operational efficiency measures. Through the Inditex Bags initiative, the business contributed €271,450 to the World Wide Fund for Nature (WWF), assisting the restoration of 1,500 hectares of forest within Georgian ecological corridors. Internally, the ongoing digitalization of HR and Finance functions reduced paper consumption by 250 reams annually, demonstrating how process modernization can support resource efficiency.

A standout example of innovation in inclusion came through Zara's accessibility initiative for deaf employees. Specialized employee ID cards featuring QR codes were introduced to encourage seamless communication between customers and colleagues on the sales floor. Initially launched as a pilot in Batumi, the initiative successfully maintained customer experience KPIs and was subsequently rolled out across Zara's flagship stores in Tbilisi. The program also assisted with the effective integration of 14 Zara employees within the broader inclusion workforce, reinforcing how thoughtful innovation can increase both service standards and workforce participation.

Through these initiatives, the business demonstrated how its commitment to sustainability can be embedded into day-to-day operations through practical actions that strengthen communities, support employees and create long-term value.

Received the SDG 8 Award for Decent Work and Economic Growth

Sustainability
(continued)

Azerbaijan

Building local capability, operational efficiency and responsible growth

The Azerbaijan business maintained focus on advancing its sustainability agenda in 2025, through a practical focus on people development, responsible operations and long-term value creation. Aligned with the Company's broader sustainability priorities, the business concentrated on initiatives that increase operational resilience and deliver positive outcomes for employees, customers and the communities in which it operates. This measured approach reflects how sustainability is being embedded into day-to-day execution across the market.

A key area of impact during the year was employment and talent development. Through its 40-store network, the business supported the local economy through sustained hiring and the creation of quality retail employment opportunities. Structured training programs were delivered across store teams to strengthen sales effectiveness, customer service standards and operational capability. Developing local management talent and creating clear career progression pathways for Azerbaijani nationals remained an important priority throughout the year.

Environmental progress was driven through improved inventory discipline and resource efficiency. Enhanced stock planning reduced excess inventory holdings, helping lower markdown-driven product waste and improving commercial efficiency. At store level, energy efficiency measures and better resource management practices were integrated into standard operating procedures across the network, supporting both operational performance and broader environmental objectives.

The business also continued to strengthen a performance-led workplace culture. Clear targets, structured reviews and recognition programs were used to reward high-performing individuals and teams, while ongoing capability building encouraged higher service quality and stronger operational consistency. Through these actions, the Azerbaijan business is building the organizational depth required to sustain commercial performance over the long term.

Collectively, these initiatives demonstrate how disciplined operations, local talent development and responsible resource management can work together to create lasting value across a mature and strategically important market.

Offered structured training program to Azerbaijani nationals to support local talent development

Armenia

Creating shared value through inclusion, recycling and people development

The Armenia business meaningfully advanced its sustainability agenda in 2025, with a range of practical initiatives that combined social impact, responsible operations and employee development. The business focused on programs that are locally relevant, measurable and aligned with the Company's broader commitment to creating long-term value across its international markets. Through these actions, sustainability remained integrated into everyday operations, helping employees, communities and the wider environment.

A key highlight during the year was the business' partnership with Caritas, a non-profit charity organization, through which garments were collected and redistributed to people in need. By giving clothing a second life, the initiative helped extend product life cycles and generate meaningful community benefit. This partnership reflects how the business combines circularity with social responsibility through practical, impact-led programs.

Inclusion was an important ongoing priority. As part of its commitment to equal opportunity, the business employed colleagues with disabilities, helping create a more diverse and supportive workplace environment. By widening access to employment opportunities and fostering an inclusive culture, the Armenia business is reinforcing workforce participation and social impact.

Environmental progress was aided by responsible waste management initiatives across the full retail network. Through its partnership with Tapon.am - a locally developed digital platform connecting waste generators with licensed collectors and certified recycling processors - the business ensured paper waste from the head office and stores was collected, transported and redirected into the recycling supply chain rather than landfill. The initiative also generates points that are redirected to local social benefit programs, creating both environmental and community outcomes. As structured waste separation remains at an early stage of development in Armenia, the business' consistent participation demonstrates a practical and locally relevant commitment to responsible operations, supporting broader environmental awareness.

People development remained central to the business throughout the year. Regular training programs were delivered across all employee levels, covering both technical and interpersonal skills. During 2025, these initiatives included leadership training, sales training, financial training, onboarding programs and case-based learning activities designed to improve practical capabilities and overall job performance.

Taken together, this progress shows how the Armenia business' practical sustainability actions can build communities, develop talent and embed responsible business practices across a growing market.

Collected and redistributed clothes to those in need in partnership with Caritas

Sustainability
(continued)

Uzbekistan

Developing talent, driving efficiency and supporting long-term growth

The Uzbekistan business progressed its sustainability agenda in 2025 through a focused approach centered on people development, responsible operations and long-term value creation. Meeting the Company's broader sustainability priorities, the business concentrated on initiatives that support operational discipline while contributing positively to employees, communities and the wider economy. This practical approach reflects the role sustainability plays in building resilient platforms within emerging growth markets.

Community impact remained an important area of contribution during the year. Against a national backdrop focused on youth employment, women-led businesses and vocational development, the business assisted the local economy through consistent hiring, structured store team training and the creation of career pathways for Uzbek nationals within its retail management structure. These initiatives expand access to formal employment, strengthening the talent pipeline required for future growth.

Environmental progress was driven through improved inventory efficiency and operational controls. Enhanced stock planning reduced excess inventory holdings, lowered markdown-driven product waste and improved commercial discipline. At store level, energy use, consumables management and waste handling were embedded into standard operating procedures, supporting more efficient day-to-day operations. These efforts align with Uzbekistan's broader national focus on renewable energy and energy efficiency as part of its long-term development agenda.

People development was, once again, central to execution throughout 2025. Structured training programs were implemented to bolster sales performance, customer service standards and operational consistency across the store network. The business also prioritized identifying high-potential employees and investing in their progression toward supervisory and management roles. A performance-oriented culture was reinforced through clear targets, structured reviews and recognition of high performers, helping build the organizational depth needed for sustainable expansion.

The impact of these efforts by the Uzbekistan business demonstrate how disciplined growth can be aided by strong local talent development, efficient operations and responsible business practices.

At store level, energy use, consumables management and waste handling were embedded into standard operating procedures, supporting more efficient day-to-day operations

Jordan

Supporting communities, well-being and responsible operations

The Jordan business is committed to embedding sustainability and responsible business practices into its operations in 2025 through a balanced focus on community impact, employee well-being and operational efficiency. Through locally relevant initiatives and brand-led engagement programs, the business sought to create positive outcomes beyond its core retail activities, reinforcing the Company's commitment to responsible growth across its international markets.

Community support remained a central priority throughout the year, with several initiatives focused on vulnerable groups and local partnerships. During Ramadan, the business distributed food parcels to underprivileged families, helping provide direct assistance during an important period of the year. The Okaïdi Ramadan Solidarity Initiative also delivered a dedicated day for orphaned children featuring educational and recreational activities alongside donations in collaboration with local organizations. These initiatives reflect a practical and hands-on approach to community partnership and social contribution.

The business assists children and families through purpose-led campaigns. Under the Okaïdi Make a Wish initiative, each in-store wish submitted resulted in the donation of a garment to children in need. Additional community engagement activities were delivered to orphans and vulnerable groups, combining customer participation with meaningful social outcomes.

Health awareness and well-being formed another important pillar of the sustainability agenda. The La Vie en Rose Breast Cancer Awareness Event included an educational session delivered by a representative from the King Hussein Cancer Foundation, while Marie France's "Love Yourself – Check Yourself" campaign combined customer incentives with charitable donations in aid of women affected by breast cancer. Across multiple brands, awareness initiatives promote prevention, education and broader community well-being.

Employee well-being was also prioritized through internal engagement initiatives. EmpowerHER Day: Mind, Body & Heart brought together medical awareness sessions, inspirational talks from a breast cancer survivor, yoga, mindfulness and team-building activities. The program reinforced a culture of care, inclusion and employee engagement across the business.

Environmental efforts during the year focused on practical operational improvements, including greater energy efficiency across stores, reducing operational waste and improving inventory planning to minimize product waste. These measures encouraged more efficient day-to-day operations in line with sustainability priorities with commercial discipline.

Through these initiatives during the year, the Jordan business showcased how community support, employee care and responsible operations can combine to create meaningful and lasting impact.

Hosted La Vie en Rose's special event in Jordan dedicated to raising Breast Cancer awareness

Operating Review

Saudi Retail	72
International Retail	88
Food and Beverage	114
E-commerce	118

30 brands across 7 markets

International revenue reached ⃁ 1.6 billion in 2025, an increase of 50.1% from 2023 to 2025.

Saudi Retail

Total Saudi Arabia portfolio (including F&B)

Total KSA revenue 2025
⃁ 3.5bn
(+0.2% YoY)

KSA Retail segment revenue per store 2025
⃁ 10.6 m
(+20.4% YoY)

KSA F&B segment revenue per store 2025
⃁ 1.4 m
(11.7% YoY)

KSA online channel 2025 (including F&B)
+15.1% YoY
Online revenue growth

The anchor market

Saudi Arabia remains Cenomi Retail's core market and commercial foundation, representing the Company's largest revenue segment and the operational base from which its three-year transformation strategy has been executed. During 2025, that transformation progressed into a more measurable phase, as strategic repositioning across the retail, lifestyle, and food and beverage portfolio translated into clearer operational outcomes and improving productivity across the Kingdom.

From the outset of Phase 1 – Fix the House – the Company adopted a disciplined strategy centered on portfolio optimization and operational focus. This included the deliberate exit of non-core and underperforming brands, while concentrating the Saudi platform on franchise partnerships with stronger consumer demand profiles and sustainable unit economics. As a result, the portfolio evolved from 51 brands in 2024 to 41 brands in 2025 by year-end, reflecting the continued rationalization of both the fashion and F&B segments and a sharper focus on higher-quality growth opportunities.

Despite the reduction in portfolio size, revenue remained broadly stable at approximately ⃁ 3.5 billion, increasing slightly year-on-year by 0.2% for the total revenue generated (including F&B) from the Kingdom of Saudi Arabia. The retail segment, which holds the main the portfolio of 17 brands, generated ⃁ 3.2 billion in 2025 and an increase of 0.3 % year-on-year. The ability to maintain revenue output from a significantly leaner operating base reflects the improving quality and productivity of the network and its potential for sustainable growth. The strongest evidence of this progress is visible at the store level, where KSA revenue per store increased by 20.4% year-on-year to ⃁ 10.6 million. Within the F&B segment, revenue per store grew by 11.7% to ⃁ 1.4 million in 2025. In operational terms, store closures signified a deliberate reallocation of revenue and resources toward higher-performing locations rather than a reduction in commercial activity.

In line with the Group's transition into Phase 2 – Embark on Growth – the Saudi platform enters the next phase with a focused portfolio of franchise partnerships and a premium store footprint across the Kingdom.

Key performance metrics

Performance metrics	2023	2024	2025	Growth (2023-25)	2025 YoY
Group revenue (⃁ m)	4,671	4,847	5,104	+9.3%	+5.3%
KSA revenue (⃁ m)	3,237	3,185	3,196	(1.3%)	+0.3%
KSA as % of Group revenue	69.3%	65.7%	62.6%	(6.7pp)	(3.1pp)
KSA revenue per store (⃁ m)	3.93	8.82	10.62	+170.3%	+20.4%
KSA F&B revenue (⃁ m)	379	328	323	(14.8%)	(1.4%)
KSA F&B revenue per store (⃁ m)	1.49	1.21	1.35	(9.8%)	+11.7%

Like-for-like sales

Like-for-like growth	2023	2024	2025	Commentary
Saudi Arabia – retail total	(6.7%)	(1.5%)	(1.8%)	Blended LFL absorbs the mechanical drag of deliberate brand exits and store closures; Q4-2025 turned positive at +4.1% as the retained, higher-quality estate gained share.
Tier 1 Champions – Inditex incl. Zara (Group)	**+2.1%**	**+0.2%**	**+5.6%**	The anchor brand family stayed in positive territory across all markets throughout the period and accelerated to +5.6% in 2025, underlining resilient consumer demand.
Inditex incl. ZARA (Saudi Arabia)	**+3.3%**	**-1.5%**	**+0.2%**	
Food and beverage	(10.0%)	(12.2%)	(4.8%)	The most heavily rationalized segment; the decline narrowed sharply in 2025 as footprint consolidation neared completion.

Saudi Retail
(continued)

Commentary – Saudi Arabia overall performance

Saudi Arabia's like-for-like trajectory over the transformation period reflects the strategy working as intended, rather than any weakness in underlying demand. The blended headline – an improvement from -6.7% in 2023 to the -1.5% to -1.8% range in 2024 and 2025 – is shaped by a deliberate compositional effect. As non-core and underperforming brands were exited and unprofitable stores closed, the reported LFL base absorbed the mechanical drag of that rationalization even as the retained estate became more productive.

The quality beneath the headline is visible in three places. The anchor brand family, Inditex, including Zara, at a Group level stayed in positive territory across the network throughout the period and accelerated to +5.6% in 2025; evidence that the Group's Tier 1 partnerships continue to command strong consumer demand. Food and beverage, the most heavily rationalized part of the portfolio, narrowed its decline sharply from -12.2% in 2024 to -4.8% in 2025 as footprint consolidation neared completion. Saudi retail like-for-like turned positive in the fourth quarter of 2025 at +4.1%, the strongest quarterly reading of the year.

Taken together, these movements describe a portfolio that has absorbed the cost of transformation and now enters Phase 2 – Embark on Growth, positioned to convert improved store productivity into sustained momentum.

Saudi Arabia retail ecosystem and market overview

Cenomi Retail operates across three distinct consumer-facing segments in Saudi Arabia: fashion and apparel, sports and lifestyle, and food and beverage. Each segment is positioned within structural growth markets shaped by the same underlying forces: Vision 2030 economic diversification, a youthful demographic profile, rising female workforce participation, and the accelerating integration of digital commerce into everyday consumer behavior.

Fashion and apparel

Saudi Arabia's fashion and apparel market is estimated at USD 32.0 billion in 2025, projected to grow to USD 44.8 billion by 2032 at a CAGR of 5.2%. The Kingdom is the largest fashion retail market in the GCC and is experiencing structural expansion driven by three converging dynamics: the economic empowerment of Saudi women, evolving of cultural norms around lifestyle and self-expression, and a young consumer base whose brand preferences are shaped by international trends and digital media.

Female labor force participation increased from 23.2% in 2020 to 36.2% in 2024, surpassing the Vision 2030 target of 30%, ahead of schedule. This demographic shift represents the entry of a significant new consumer cohort with independent purchasing power and sustained fashion expenditure. The average working Saudi woman spends approximately USD 3,200 annually on clothing, around 65% higher than non-working women. International premium and mid-market brands that offer quality, contemporary design and strong brand recognition – the profile of Cenomi Retail's KSA fashion franchise portfolio – remain at the center of this consumer's spending priorities.

The Saudi fashion market is also evolving in terms of consumer behavior patterns. Shoppers increasingly move fluidly between physical stores and digital channels, using each for different purposes: discovery, inspiration and tactile engagement in-store; convenience, breadth and speed online. More than 5,000 online fashion stores operate in the Kingdom, yet premium mall footfall remains resilient. This pattern is consistent with global research showing that physical retail and e-commerce are complementary in fashion, rather than substitutes. Consumers who engage both in-store and online spend more in aggregate than those who use either channel alone. This dynamic directly supports the value of Cenomi Retail's omnichannel franchise model, which combines premium physical locations with digital purchase capability across its Inditex brand family.

Saudi Retail
(continued)

Sports, lifestyle and specialty retail
Saudi Arabia's non-food retail market – spanning sports, lifestyle, electronics, culture, beauty and specialty categories – was valued at USD 83.8 billion in 2024 and is projected to grow at a CAGR of 7.8% through 2030. Vision 2030's entertainment, sports and quality-of-life initiatives have continued to reshape consumer spending patterns. Physical activity participation, home and leisure investment and cultural engagement are all growing categories, underpinned by government programming and rising disposable incomes.

Cenomi Retail's sports and lifestyle presence in Saudi Arabia – anchored by Decathlon (sport and outdoors), Flying Tiger Copenhagen (lifestyle and gift), Fnac (electronics and culture) and Kiko Milano (beauty) – extends the Company's addressable market well beyond fashion. These brands serve distinct consumer occasions and age groups, reducing portfolio seasonality and broadening the base of recurring consumer touchpoints across the Saudi estate.

How online and physical retail complement each other
A defining characteristic of the Saudi consumer market – and one that shapes the Company's strategic positioning – is the integration of digital and physical shopping into a single, fluid consumer journey. Saudi Arabia has reached near-universal digital access. Internet penetration sits at approximately 99%, smartphone adoption exceeds 98%, and over 98% of internet activity occurs on mobile devices. Electronic payments accounted for 79% of Saudi retail transactions in 2024, up from 70% in 2023, while app-based browsing accounts for over 65% of e-commerce activity.

Rather than diminishing the role of physical retail, this digital intensity reshapes it. Saudi consumers use digital channels for discovery, price comparison and convenience repurchase, while stores are used for brand experience, product trial and the social dimension of shopping that mall culture in the Kingdom has long embedded. In 2023, 63.7% of Saudi internet users purchased products or services online, with 74.6% of those purchases made by women; the same consumer segment that drives premium mall footfall. The two channels serve different moments in the same consumer's purchase cycle.

Food and beverage
Structural demand drivers comprise a population where approximately 60% is under 30, rapid urbanization and a strong cultural tradition of family dining out – all compounded by the expansion of food delivery platforms, including Jahez, HungerStation and Talabat, which have broadened quick service restaurant (QSR) reach beyond physical restaurant footprint.

Cenomi Retail's KSA F&B segment delivered revenue of ⃁ 323.2 million in 2025. LFL declined -4.8% for the full year, primarily reflecting the impact of five brand exits in Q4-25 as part of ongoing portfolio optimization. Revenue per store improved by +11.7% year-on-year. The segment's digital channel grew +9.4% in 2025.

Relevance to Cenomi Retail KSA's online trajectory
Cenomi Retail's KSA online channel growth of +15.1 % (including F&B) in 2025 is tracking ahead of the Saudi retail market average and reflects the Company's omnichannel positioning across premium mall locations with strong brand recognition. As KSA portfolio rationalization concludes and the estate stabilizes around 41 high-performing brands, the structural tailwinds – demographic youth, digital adoption, female economic participation, Vision 2030 investment and expanding mall infrastructure – provide a constructive backdrop for the next phase of growth.

Brand Portfolio

Fashion and apparel

Fashion
ZARA, Massimo Dutti, Bershka, Stradivarius, ZARA HOME, PULL&BEAR, MANGO, New Yorker, U.S. POLO ASSN. SINCE 1890, LC Waikiki

Value fashion
lefties

Lingerie/sport
OYSHO

Home and lifestyle
ZARA HOME

Sports, lifestyle and speciality

Sport and outdoors
DECATHLON

Electronics/culture
fnac, aleph

Kids
OKAÏDI OBAÏBI

Lifestyle
flying tiger copenhagen

Beauty
KIKO MILANO

Food and beverage

Cafe
crepeaffaire, Mamma Buns Cafe, Molten Chocolate Cafe

Bakery/cafe
CINNABON

QSR
SUBWAY

Saudi Retail - Zara

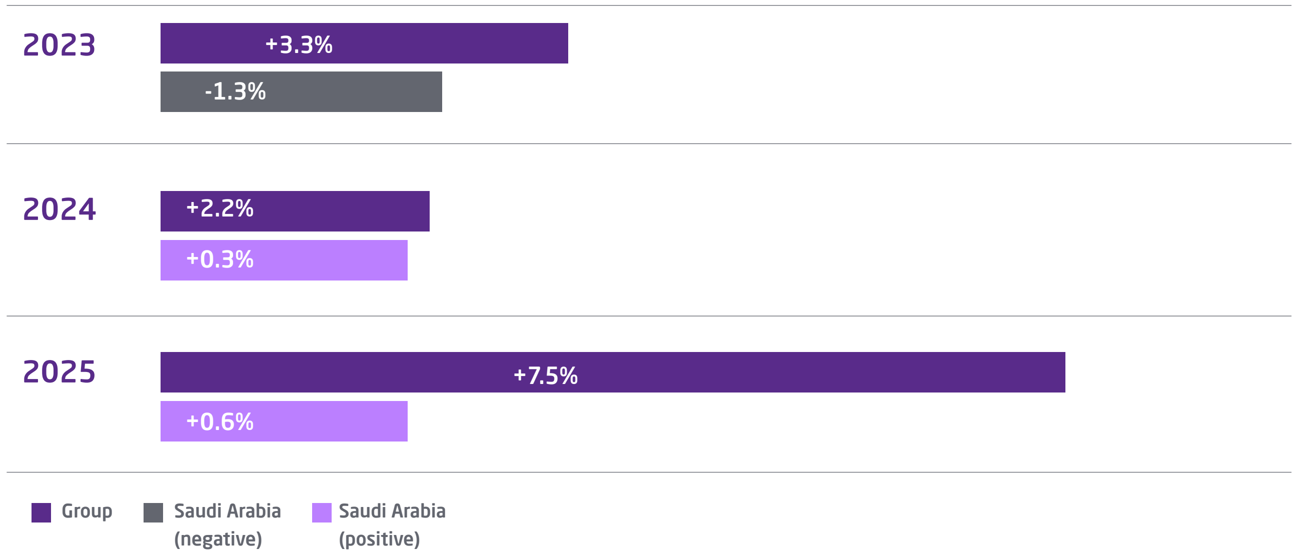
Cenomi Retail's Saudi strategy shifted decisively from network scale toward stronger productivity, portfolio quality and disciplined capital allocation. Over the past three years, the Group streamlined its brand and store portfolio, exited underperforming locations and concentrated investment in flagship destinations while strengthening merchandising, inventory management and omnichannel execution. This created a leaner, higher-quality operating platform that improved productivity, enhanced the customer experience and enabled the strongest franchise brands to regain momentum as market conditions normalized.

Zara provides a clear example of this progress. Following a geopolitically driven contraction of 1.3% in 2023, Zara Saudi Arabia returned to positive like-for-like growth of 0.3% in 2024 and 0.6% in 2025. Targeted renovations, disciplined in-season management and the continued optimization of the store network strengthened execution and raised the quality of the estate. These actions supported two consecutive years of positive growth in Saudi Arabia and complemented Zara's acceleration to 7.5% like-for-like growth at Group level in 2025.

Like-for-like performance

	Group	Saudi Arabia
2023	+3.3% Full-year LFL	-1.3% Full-year LFL
2024	+2.2% Full-year LFL	+0.3% Full-year LFL
2025	+7.5% Full-year LFL	+0.6% Full-year LFL

Sales growth by segment (full year, percentage)



Brand performance

Zara delivered its strongest full-year, like-for like performance of the three-year strategic period in 2025, with Group LFL increasing 7.5%, representing a significant acceleration compared to 2024 and the highest annual growth rate recorded by the brand during the transformation cycle.

The brand's Saudi Arabia trajectory centered on operational recovery and resilience. Following a contraction of 1.3% in 2023, driven by geopolitical conditions that temporarily affected demand for international brands, Zara KSA returned to positive territory in 2024 with growth of 0.3% and strengthened further in 2025 with growth of 0.6%. The significance lies in the consistency of recovery and the stabilization of customer demand following a period of external disruption. The ability to maintain positive like-for-like growth for two consecutive years demonstrates improving execution quality, stronger operational stability and the continued strength of the brand within the Kingdom.

Zara's three-year trajectory presents a clear picture of structural improvement across the Zara portfolio. At Group level, Zara maintained positive like-for-like growth throughout the entire transformation period, progressing from 3.3% in 2023 to 2.2% in 2024 before accelerating materially to 7.5% in 2025. This trajectory demonstrates demand resilience through disruption, stability during a transition year and a return to stronger commercial momentum, with Saudi Arabia providing solid evidence of operational recovery and stabilization.

Saudi Retail – Zara
(continued)

Zara Saudi Arabia

Commercial performance and execution

Zara delivered a positive performance in Saudi Arabia in 2025, with overall growth of 0.6% on a like-for-like basis, supported by a deliberate focus on the most productive stores within the network. Capital and operational resources were concentrated on high-performing locations, reinforcing store productivity and overall network efficiency. Performance in the first half of the year reflected generally positive product reception, while the second half was characterized by active commercial management. Targeted adjustments to product selection and phasing enabled a return to positive performance by year-end, demonstrating the effectiveness of a responsive and agile operating approach.

A number of targeted commercial initiatives contributed to performance during the year. The renovation of the prime location stores delivered a meaningful uplift in sales, supported by enhancements to the in-store experience, including the addition of fitting rooms to improve customer flow and conversion. Special buys for key trading periods such as Ramadan and Hajj, combined with improved sending schedules, helped align product availability more closely with demand. In parallel, active in-season management, like refined assortment selection and adjustments to delivery cadence, supported stronger execution and a balanced trading outcome.

Zara maintained a disciplined approach to inventory and demand management throughout the year. Smaller initial production batches, combined with frequent replenishment cycles, helped reduce overstock risk during periods of slower demand. Real-time sales and inventory data, enabled through RFID tracking, supported rapid stock reallocation in response to live demand signals. This approach, together with controlled promotional activity, helped protect margins and maintain product availability and responsiveness to customer demand.

Store strategy and capital discipline

Zara's store strategy in 2025 remained focused on enhancing productivity through targeted investment in high-impact locations. The renovation of the Al Nakheel Mall store, completed in 2024, delivered a significant commercial return in 2025, generating approximately 20-30% incremental sales. This outcome reinforces the value of investing in flagship locations and upgrading customer-facing environments to drive performance.

Renovated stores continued to outperform the wider network, consistent with previous results achieved at Kingdom Center, where refurbishment led to noticeable sales increase. These outcomes have informed a more disciplined approach to capital allocation, prioritizing investment in key malls and high-traffic destinations. Looking ahead, additional renovations are planned across selected locations, with a focus on enhancing customer areas, footwear sections and fitting room capacity to improve the overall shopping experience.

At the same time, the network is being actively optimized through the acceleration of decisions related to non-profitable stores. This approach reflects a continued emphasis on productivity, ensuring that capital is allocated to locations that deliver the strongest commercial returns while maintaining a lean and efficient store footprint.

Consumer, pricing and channel mix

Consumer behavior in 2025 was characterized by greater selectivity and a disciplined approach to purchasing, influencing pricing strategy and promotional activity. Sale periods were more controlled in both timing and depth, supporting stronger margin performance compared to prior years. Full-price sell-through was concentrated in the winter season, which accounted for approximately 75% of annual performance, while the summer period was managed through targeted promotional activity to support inventory transition without eroding margin integrity.

Expanding digital channels contribution

The role of digital channels continued to expand, with online sales increasing their contribution by 21.2% year-on-year. The online channel played an increasingly important role in shaping customer behavior, particularly during new season launches, where earlier access to product and improved delivery options influenced purchasing decisions. This dynamic strengthened the connection between digital and physical channels, supporting an integrated and responsive retail model.

> **Continued digital expansion drove a 21.2% year-on-year increase in online sales contribution.**

Operating model and execution capabilities

Zara's operating model consistently demonstrates strong execution capabilities in 2025, combining global scale with increased local responsiveness. Greater alignment of assortment selection, product phasing and in-store presentation to local market dynamics has now been embedded as a structural component of the operating model, enabling consistent and effective commercial execution.

> **Operational effectiveness was supported by faster delivery cycles and more frequent updates to in-store presentation, ensuring product freshness and relevance.**

Targeted training programs for store teams enhanced execution standards and improved consistency across the network. At the same time, increased use of technology and data analytics supported informed and timely decision-making at store level.

Several technology initiatives strengthened operational performance during the year. The completion of the footfall counter rollout across all stores enabled accurate measurement of traffic and conversion, supporting improved performance management. Ongoing consolidation of store-facing applications into a single platform reduced operational complexity, while stockroom-by-location systems enhanced the efficiency of inventory handling and in-store processes. Together, these initiatives reinforced Zara's ability to execute at scale while maintaining agility and responsiveness in a dynamic retail environment.

Outlook and priorities

Looking ahead, Zara will remain focused on strengthening execution quality, enhancing store productivity and deepening integration between physical and digital channels across Saudi Arabia. Priorities remain centered on disciplined assortment management, localized commercial responsiveness and targeted investment in high-performing locations to support sustainable growth and customer engagement.

The business will also continue advancing operational efficiency through improved inventory management, faster decision-making and greater use of technology and data analytics across the store network.

Saudi Retail - Inditex

Like-for-like performance

2025

Group

+3.6%
full-year LFL

Saudi Arabia

-0.2%
full-year LFL

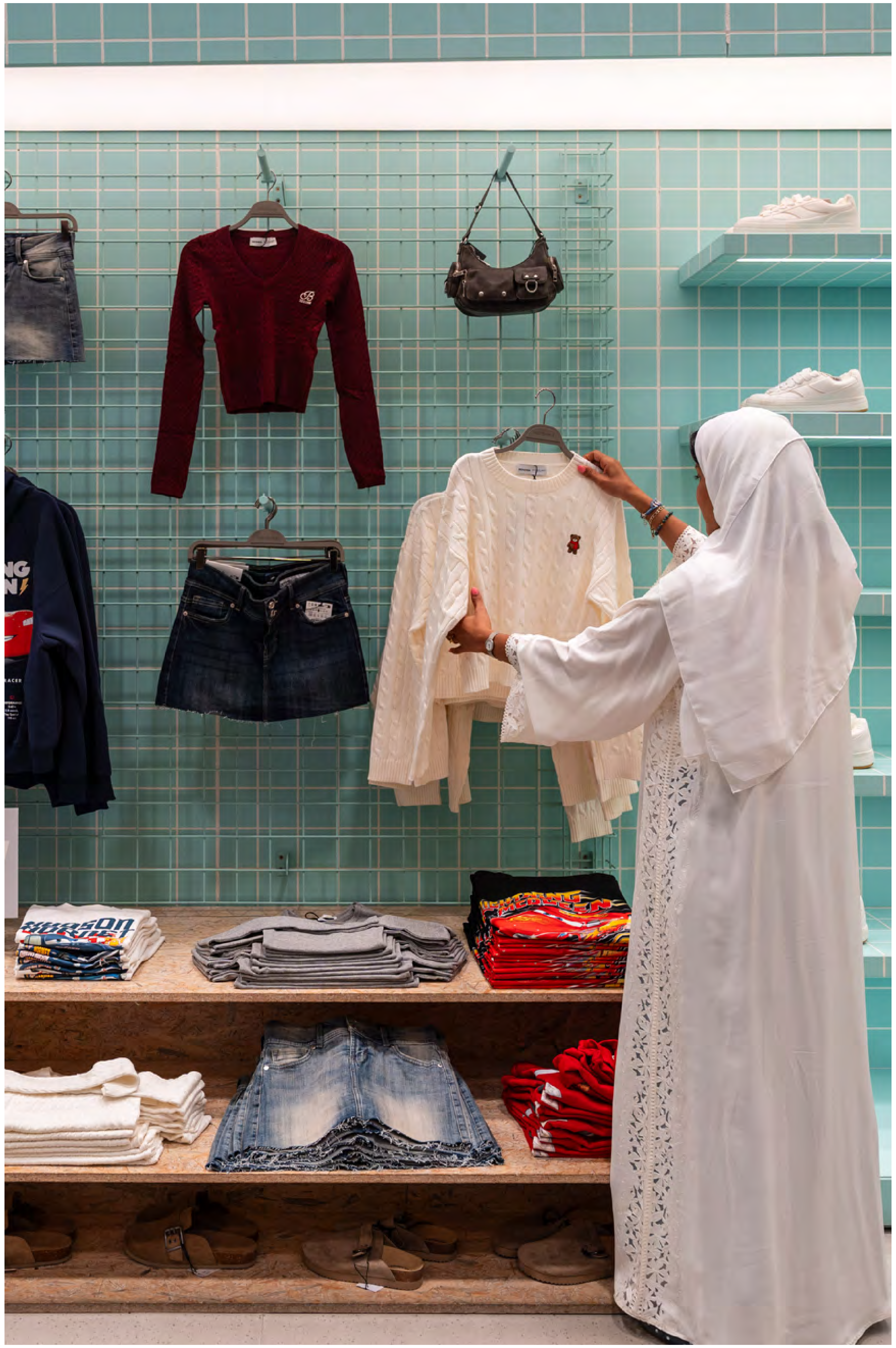
Segment	2023	2024	2025	Three-year trajectory
Group	+0.7%	-2.0%	+3.6%	Dip in 2024; recovering to positive in 2025 - net +2.9pp over the period
Saudi Arabia	-5.6%	-3.8%	-0.2%	Consistent improvement each year - narrowing steadily toward positive territory

Brand performance

Inditex returned to positive full-year like-for-like growth in 2025, with Group LFL increasing 3.6%, representing a 5.6 percentage point improvement versus 2024 and marking a clear recovery following a transition year. While the return to positive territory is significant, the more meaningful insight lies within the three-year trajectory, which highlights how continued evolution of the Inditex portfolio.

Within Saudi Arabia, the trajectory centered on steady operational recovery and improving commercial discipline. KSA Inditex LFL improved consistently from a decrease of 5.6% in 2023, which was due to the geopolitical conditions which led to international brand boycott and to an improvement in the negative like-for-like moving forward in 2024 to reach to only negative0.2% in 2025, demonstrating uninterrupted year-on-year progress toward positive territory.

At the Group level, the 3.6% LFL rise in 2025 was bolstered by the Saudi segment steadily narrowing its LFL gap through disciplined execution, reflecting the segment's recovery conditions and positive trend.



Saudi Retail - Inditex
(continued)

Inditex Saudi Arabia

Commercial performance and execution
Inditex Saudi Arabia delivered a disciplined trading performance in 2025, reflecting a shift from volume-led growth toward execution quality, margin management and store productivity. Performance was supported by stronger product relevance and structured in-season management, contributing to improved full-price sell-through, particularly during the key winter trading period. Targeted product allocation and tighter inventory control reduced excess stock and enhanced overall trading quality, reinforcing a consistent and margin-focused operating model.

Localization emerged as a central driver of commercial performance. Assortments were increasingly tailored to local customer preferences, supported by specific product selections for key trading periods and more refined visual merchandising guidelines. These actions strengthened customer engagement and supported improved sell-through across the portfolio. Brands with faster refresh cycles and disciplined execution delivered the strongest results, with Oysho and Zara Home leading performance, followed by Lefties, Stradivarius and Pull&Bear.

Store strategy and capital discipline
Store strategy in 2025 focused on maximizing the performance of the existing network through targeted investment and selective capital allocation. Flagship refurbishments and space optimization initiatives delivered measurable improvements in store productivity, particularly in high-performing locations. This approach reflects a disciplined capital allocation framework, prioritizing flagship quality, customer experience and operational efficiency as the market continues to mature.

Investment decisions were increasingly selective, with capital directed toward refurbishments and digital capabilities rather than network expansion. At the same time, underperforming areas within the portfolio were gradually rationalized, ensuring resources were concentrated on core volume drivers and higher-return opportunities.

Consumer, pricing and channel dynamics
Consumer behavior in 2025 reflected increased price sensitivity and greater selectivity in purchasing decisions, particularly within the Saudi market. In response, promotional activity was managed with greater discipline, balancing targeted volume support during key trading periods with a sustained focus on protecting full-price sell-through and maintaining margin integrity. Reducing reliance on promotions through improved product-market alignment remains a core strategic priority.

Market dynamics are constantly evolving, with demand increasingly concentrated in destination malls and entertainment-led retail environments, alongside growing expectations for integrated omnichannel experiences. The operating model adapted accordingly, with a stronger emphasis on localization, speed and flexibility to ensure ongoing relevance in a competitive and rapidly evolving retail landscape.

Operating model and execution capabilities
The operating model continued to evolve in 2025 toward greater structure, consistency and responsiveness. Closer alignment with global Inditex standards supported improvements in merchandise planning, allocation and store operations. Early outcomes encompassed stronger execution consistency, improved performance visibility, reduced markdown dependency and controlled day-to-day operations. These enhancements were complemented by disciplined in-season management, refined sale timing and markdown strategies, and more effective stock control across channels, such as improvements in the Trendyol platform. Collectively, these capabilities supported consistent like-for-like growth and reinforced the quality of execution across the Inditex brand portfolio.

Outlook and 2026 priorities

Looking ahead, Inditex will maintain focus on strengthening execution quality, improving store productivity and reinforcing operational discipline across Saudi Arabia. Priorities remain centered on localized assortment planning, disciplined inventory management and targeted investment in flagship locations, and digital capabilities to support sustainable and profitable growth.

The business will also continue enhancing operational responsiveness through tighter stock control, improved merchandising execution and greater integration between physical and digital channels. The Saudi business will carry on progressing toward the next phase of recovery through a focused and productivity-driven operating platform.

Saudi Retail - Lifestyle, Sports and Beauty Retail

Overview and market positioning

In 2025, the Lifestyle, Sport and Beauty segments in Saudi Arabia continued to expand, supported by demographic growth, tourism momentum and rising consumer focus on wellness. At the same time, market dynamics became more selective, with a clear shift from volume-led growth toward value perception, experience and brand differentiation. Operators able to combine strong brand positioning with effective omnichannel execution were best positioned to capture demand across these categories.

Spending remained resilient but targeted. Premium beauty and wellness categories outperformed, while mid-market lifestyle concepts experienced slower basket growth as consumers prioritized experience-led and health-oriented purchases. Price sensitivity increased, with greater promotional intensity and stronger consumer focus on affordability and bundled value, supported by increased price transparency across digital channels. Mall traffic stabilized compared to post-pandemic peaks, with growth concentrated in destination malls and mixed-use centers. Within this environment, sport and beauty categories benefited from experiential retail formats, including in-store activations and services, which supported higher dwell time and conversion.

Competitive intensity also increased, driven by new international entrants and the expansion of local concepts. At the same time, omnichannel integration accelerated, with social commerce and rapid-delivery models reshaping purchasing behavior and placing pressure on traditional retail margins. Category performance diverged, with lifestyle shifting to curated and experience-led concepts, sport maintaining strong momentum linked to national fitness initiatives and growing athleisure adoption, and beauty emerging as the strongest-performing segment, supported by premiumization, service-based offerings and repeat purchase behavior.

Performance and key highlights

Within this evolving landscape, Cenomi Retail's Lifestyle, Sport and Beauty portfolio demonstrated resilience, supported by strong brand positioning and clear category relevance despite some constraints in inventory availability, which will be no longer the case in 2026 after the restructuring of the debt in 2025. Flying Tiger Copenhagen delivered standout performance, emerging as a key growth driver within the variety retail segment through its differentiated concept and compelling assortment. Decathlon continued to benefit from its value-led positioning, competitive pricing and private-label strength, maintaining strong customer appeal in a price-conscious environment. KIKO Milano retained its position in the Saudi color cosmetics segment as the number one mono-brand color cosmetics retailer in the Kingdom of Saudi Arabia.

Over the long term, these categories remain strategically important within the Group's portfolio. Decathlon is positioned to strengthen its presence and scale as a leading sports retailer in Saudi Arabia. KIKO Milano is expected to sustain its leadership in color cosmetics, supported by constant demand from Gen Z and millennial consumers. Flying Tiger Copenhagen continues to build momentum through its distinctive retail concept, with further expansion expected to reinforce its position within the variety retail segment.

Outlook and 2026 priorities

Looking ahead to 2026, the priority across the Lifestyle, Sport, and Beauty portfolio is to restore growth momentum and strengthen overall performance through improved execution. This will be driven by optimized inventory replenishment, increased marketing investment and enhanced brand visibility to support store traffic and customer engagement. Targeted initiatives include reactivating performance marketing to accelerate Decathlon's online growth and strengthening brand presence across key channels.

Growth in 2026 will be approached through a balanced strategy of expansion and consolidation. The Company plans to expand the footprint of Decathlon, Flying Tiger Copenhagen and KIKO Milano across Saudi Arabia and selected CIS markets, supporting greater brand awareness and regional scale, while maintaining focus on operational discipline.

Performance improvement will be measured through a clear set of indicators, such as sustained like-for-like sales growth, improved gross margins and stronger overall profitability. Additional signals include normalized inventory levels, higher full-price sell-through with reduced reliance on discounting, improved conversion rates and average basket size, and consistent growth in both in-store and online traffic.

International Retail

Overview

Revenue 2025

⃁ 1,585.0 m

+18.7% YoY

LFL growth 2025

15.6%

vs 6.0% in 2024

Revenue growth

+50.1%

2023-25 total

Revenue per store

+47.1% YoY

⃁ 7.9 m per store

With Al-Futtaim Group's entry as a strategic shareholder in September 2025, the Company enters Phase 2 - Embark on Growth - supported by a platform with demonstrated scalability and a CIS revenue base contributing 89% of international sales in 2025.

When Cenomi Retail's Phase 1 - Fix the House - began in 2023, the Company executed a decisive portfolio reset: exiting Morocco, the Balkans and the USA; rationalizing Egypt and Kazakhstan, and concentrating the international estate on the markets where unit economics support disciplined growth. The CIS corridor - Georgia, Azerbaijan, Armenia and a rapidly scaling Uzbekistan - emerged as the clear catalyst.

By year-end 2025, the impact is evident in productivity metric. International revenue reached ⃁ 1.6 billion in 2025, growth of 50.1% from 2023 to 2025, while the store network contracted from 267 to 201 stores. Revenue per store rose from ⃁ 3.95 million to ⃁ 7.89 million over the period, a 100% improvement over three years.

Key performance metrics

Performance metrics	2023*	2024*	2025	2025 YoY (2025 in Focus)
Revenue (⃁ m)*	1055.5	1,335.0	1,585.0	**+18.7%**
Total growth (2023-2025)	-	-	+50.1%	-
LFL growth (%)	9.0%	6.0%	15.6%	**10pp**
Stores	267	249	201	**(19.3%)**
Brands	36	31	30	-
Revenue per store (⃁ m)	3.95	5.36	**7.89**	**+47.1%**
Total growth (2023-2025)			99.6%	

*The revenues in 2023 and 2024 exclude countries that were exited (Morocco, the Balkans and the USA).

International Retail
(continued)

Revenue by market (⃁ m)

Georgia
(Anchor market · 60 stores · 19 brands)

2023	382
2024	485
2025	612

YoY +26.2%

Total growth +60.2%

Azerbaijan
(40 stores · 16 brands)

2023	265
2024	335
2025	392

YoY +17.0%

Total growth +47.9%

Armenia
(Recovery year · 25 stores · 14 brands)

2023	213
2024	187
2025	226

YoY +20.9%

Total growth +6.1%

Uzbekistan
(Launched Feb 2024 · 7 stores · 7 brands)

2024	132
2025	180

YoY +36.4%

New market launched in 2024

Kazakhstan
(Rationalized · 3 stores · 2 brands)

2023	23.6
2024	16.5
2025	5.1

YoY -69.1%

Total growth -78.4%

CIS sub-total (89% of total international revenue)

2023	884
2024	1,156
2025	1,415

YoY +22.4%

Total growth +60.1%

Jordan
(54 stores · 18 brands · 6 malls)

2023	134
2024	146
2025	150

YoY +2.7%

Total growth +11.9%

Egypt
(Rationalized · 12 stores · 2 brands)

2023	38
2024	33
2025	20

YoY -39.4%

Total growth -47.4%

Total international (7 active markets)

2023	1,056
2024	1,335
2025	1,585

YoY +18.8%

Total growth +50.2%

International Retail
(continued)

Share of international revenue by market

Revenue mix (% of total international)	2023	2024	2025	Direction and commentary
Georgia	36.2%	36.3%	38.6%	**Growing** - share increasing as Georgia accelerates; largest single-market contributor at 39% in 2025
Azerbaijan	25.1%	25.1%	24.7%	**Stable** - consistent anchor share across all three years
Armenia	20.1%	14.0%	14.3%	**Stabilizing** - share contracted in 2024 following a softer year; held flat in 2025
Uzbekistan	0.0%	9.9%	11.4%	**Fastest growing** - launched Feb 2024; scaled to 11% share in first full year, demonstrating strong CIS market receptivity
Kazakhstan	2.2%	1.3%	0.3%	**Managed decline** - deliberate rationalization; contribution near zero as network reduces to 3 stores and 2 brands
Total CIS countries	**83.7%**	**86.6%**	**89.3%**	**Strengthening** - CIS share has expanded consistently, reflecting the strategic concentration of the portfolio
Jordan	12.7%	11.0%	9.4%	**Declining** - share moderated by faster CIS growth
Egypt	3.6%	2.5%	1.3%	**Declining** - deliberately rationalized to a focused core of 12 stores and 2 brands
Total international	**100%**	**100%**	**100%**	

2025 operational footprint

Revenue mix (% of total international)	Stores	Brands	Malls
Georgia	60	19	6
Azerbaijan	40	16	7
Armenia	25	14	4
Uzbekistan	7	7	1
Kazakhstan	3	2	3
CIS sub-total	**135**	**58**	**21**
Jordan	54	18	6
Egypt	12	2	6
Total international	**201**	**30**	**33**

Country-level brand counts reflect brand-market presence; a single brand operating in multiple countries is counted in each. The total international figure of 30 represents unique brands across the portfolio.

The CIS corridor operated 135 stores across 21 malls at year-end 2025. Georgia leads the network in scale and density - 60 stores, 19 brands and six malls and continues to set performance benchmarks across the international estate, including achieving Mango's highest-ever global performance in 2025. Azerbaijan follows as the second-largest CIS market by footprint, with a stable 25% revenue share sustained across all three years. Armenia delivered a recovery year in 2025, with revenue exceeding 2023 levels. Uzbekistan, launched in February 2024, scaled to seven stores and 11% of international revenue in its first full operating year; a pace of adoption that validates the CIS expansion model.

Kazakhstan has been rationalized to a contained core of three stores and two brands. Jordan operates across 54 stores and six malls, contributing 9% of international revenue and maintaining a stable, established market presence within the portfolio. Egypt has been rationalized to a focused core of 12 stores and two brands, with its revenue contribution declining to 1%, as the portfolio is concentrated on viable locations.

Brand portfolio - 30 brands across seven markets

Fashion: ZARA, Massimo Dutti, Stradivarius, Bershka, MANGO, adL, PULL&BEAR, LIPSY LONDON, IPEKYOL, QUIZ, SPRINGFIELD Man & Woman, U.S. POLO ASSN. SINCE 1890, OXXO

Home: ZARA HOME

Eyewear: sunglass hut

Accessories: PARFOIS, ALDO Accessories

Kids: OKAÏDI OBAÏBI, ZIDDY

Beauty: KIKO MILANO, flormar

Footwear: ALDO, CHARLES & KEITH, Clarks

Lingerie: la Vie en Rose, Marie France, La Senza

Lingerie / Sport: OYSHO

Fashion / Food: M&S

Fashion / Accessories: MONSOON

The portfolio is structured for resilience and replicability. Category breadth spans fashion, footwear, accessories, lingerie, beauty, eyewear, kids and home, reducing exposure to any single product cycle. Brand strength is anchored by globally recognized names with established consumer recognition across the Company's target markets. The multi-brand franchise model is designed for scalable market entry.

International Retail
(continued)

Georgia

A resilient platform in a strategically positioned growth market

Georgia remains a core market within Cenomi Retail's CIS corridor and broader international portfolio, supported by consumer demand, a maturing retail landscape and long-term structural growth potential. The Company continues to execute with discipline during the year, leveraging a well-established presence, deep brand relevance and operational agility to drive performance. Through a focused approach centered on efficiency, customer experience and targeted investment, Georgia continues to contribute to the diversification and resilience of Cenomi Retail's broader international platform.

Strategic direction and market context

Georgia's 2025 strategy built on the direction set in 2024, continues to drive growth and improve returns across the existing portfolio with operational foundations in place, including the 2024 price repositioning and a sharper focus on Champion brands. The business entered 2025 focused on disciplined cost control and deeper performance from established store locations.

The priority was execution: strengthening commercial output across the existing footprint, reinforcing core brand positions and realizing the full benefit of decisions taken in the prior year, while responding to evolving consumer preferences and growing demand for both physical and digital retail channels. This approach fortified market positioning, improved operating efficiency and supported the strong trading performance delivered during the year.

Achieved the highest sale revenue of

⃁ 612.2 m

across the Company's CIS markets in 2025

Commercial and economic dynamics

In 2025, Georgia's performance was shaped by a combination of a resilient macroeconomic environment and the positive effects of the 2024 pricing strategy. The deliberate price repositioning undertaken in the prior year supported traffic growth and a meaningful increase in average transaction value (ATV) throughout 2025.

Bank-driven promotional activity further supported demand, particularly during key retail windows.

Retail landscape and consumer behavior

Georgia's retail landscape in 2025 was characterized by sustained consumer preference for established international brands, particularly across fashion and lifestyle categories. Consumer behavior also reflected a growing expectation of multi-channel accessibility, with shoppers increasingly engaging across both physical and digital channels.

Performance and key highlights

Georgia achieved the highest sale revenue across the Company's CIS markets in 2025, recording a record ⃁ 612 million (+26.2% YoY) and exceeding the ⃁ 600 million threshold for the first time.

Growth was supported by a balance of increased footfall and rising average transaction value (ATV), bank-led promotional activity and improved logistics (a shift from road to air cargo) from Spain, enabling faster supply flow with stock reaching stores in four to five days.

Seasonal campaigns remained a powerful driver of engagement. The back-to-school period delivered strong performance, while the December sale launch was particularly successful, generating outsized footfall and conversion. The Black Friday period was equally notable, with several brands exceeding their own global benchmarks.

International Retail
(continued)

Georgia

Operational review
During 2025, the Company strengthened its supply chain by shifting freight from road to air cargo for shipments from Spain, reducing in-transit time to four to five days and supporting faster replenishment across the store network.

The business also passed a series of regulatory labour inspections during the year with zero high-risk findings, reflecting full compliance with applicable workplace standards.

Top performing brands
Mango, Oysho and Kiko Milano led international rankings for sales-per-square-meter in Europe. Zara remained the largest revenue contributor. Most prominently, the Mango City Mall store in Georgia achieved the brand's highest sales performance globally, ranking as the number one Mango store worldwide. This result highlights both the quality of retail execution and the strength of consumer demand in the market.

Outlook and priorities
Georgia continues to operate as the regional hub for the international segment, with the Georgia office managing shared services across Commercial, E-commerce, Finance, Inventory Control and Internal Audit functions for the wider international business. This positions Georgia as a scalable platform when the Company expands into new markets.

Near-term initiatives include the launch of the Kiko Milano mono brand e-commerce platform developed locally in Georgia, alongside the opening of two new Kiko Milano stores and one Sunglasses Hut. Expanded Zara storage capacity in high-performing locations will support improved catalogue depth and replenishment. The implementation of self-checkout (SCO) across Zara and Inditex stores will also commence during the year.

2026 will serve as a preparation year for the planned 2027-2028 renovation program covering Inditex stores in established locations including Tbilisi Mall and Merani. Negotiations and stakeholder approvals are expected to be finalized during the year, with completed renovations targeting revenue uplift at the relevant locations.

Top Performing Brands in Georgia

ZARA | OYSHO | MANGO | sunglass hut | KIKO MILANO

International Retail
(continued)

Azerbaijan

A mature multi-brand platform delivering double-digit growth in an established CIS market

Azerbaijan delivered ⃁ 392 million of revenue in 2025 (+17.0% YoY), operating 40 stores across 16 internationally recognized brands in prime Baku mall locations; while in the country, the retail trade turnover grew 3.8% during the year. The Azerbaijan business represents one of the most established markets within the International Retail segment, anchored by a deep multi-brand portfolio and a network concentrated in high-footfall destinations.

Strategic direction and market context

The strategic focus of the Azerbaijan business in 2025 was on sustaining sales growth, maintaining operational discipline and continuing to build brand portfolio depth and productivity across its established network of 40 stores across seven mall locations in Baku and wider Azerbaijan and 16 brands.

Commercial and economic dynamics

Azerbaijan's economy expanded by 1.4% in 2025, with growth driven entirely by the non-oil sector. Retail trade turnover grew by 3.8% over the year, reflecting steady measured consumer demand. Inflation stood at 5.2% year-on-year, contributing to a more price-aware consumer environment. Reconstruction activity and infrastructure investment also supported broader economic confidence, particularly in consumer-facing service sectors.

Building on sustaining profitability and commercial planning was focused on maintaining competitiveness, providing the best in-store experience and commercial responsiveness.

Increased revenue by

17.0%

year-on-year to ⃁ 392 m

Retail landscape and consumer behavior

Baku's retail landscape is well developed relative to other CIS markets, with a strong concentration of international brands across established mall destinations, including Port Baku Mall, Ganjlik Mall, 28 Mall and Park Bulvar. Zara, Massimo Dutti, Bershka, Mango and other mid-market international brands are well represented across these locations, operating in a competitive environment with sustained footfall. Consumer demand in 2025 remained anchored in mid-market and accessible international brands, consistent with the price-aware macro environment. Physical mall retail still dominates the fashion and lifestyle categories.

Performance and key highlights

The Azerbaijan business delivered revenue of ⃁ 392 million in 2025, representing approximately 17% year-on-year growth compared to ⃁ 335 million in 2024. The Inditex portfolio, including Zara, Massimo Dutti, Oysho, Stradivarius, Pull & Bear and Bershka anchored performance across the consumer spectrum, supported by the resilience of the beauty and accessories categories.

International Retail
(continued)

Azerbaijan

Operational review

The operating environment in 2025 was shaped by sustained consumer price awareness, requiring active assortment and pricing management to maintain competitiveness. The competitive intensity of Baku's well-developed mall retail market required continuous attention on brand presentation, in-store experience and commercial responsiveness. The Company managed these dynamics through disciplined inventory planning, operational efficiency at store-level and ongoing investment in team capability, supporting stable operations and sustained revenue growth across the network.

Top performing brands

Zara served as the primary volume contributor across the portfolio, reinforcing its position as the leading fashion destination for Azerbaijani consumers. The broader Inditex portfolio, including Bershka, Pull & Bear, Massimo Dutti, Oysho and Stradivarius, delivered solid performance across their respective consumer segments. The beauty and accessories categories demonstrated consistent repeat-purchase performance, reflecting the resilience of these segments in a price-aware consumer environment. Mid-market international fashion, sportswear and athleisure, and value footwear were among the strongest performing market categories in 2025.

Outlook and priorities

The outlook for Azerbaijan's retail market in 2026 is stable, supported by sustained non-oil sector growth and the Central Bank of Azerbaijan's 2026 GDP growth forecast of 2.4%. Baku's established mall retail infrastructure and strong international brand presence create a structurally resilient operating environment.

For the Azerbaijan business, the priorities are to improve store-level productivity, strengthen margin performance and enhance operational efficiency across the store network. The business will focus on optimizing assortment and pricing to improve full-price sell-through. Specific initiatives include the opening of three new Kiko Milano stores in Baku, extending the beauty category's footprint following a year of strong category performance, and the renovation of an existing Zara store in a key market location. The Company will continue to evaluate additional portfolio development opportunities, with selection focused on footfall quality and commercial viability.

Top Performing Brands in Azerbaijan

ZARA | Stradivarius | Massimo Dutti | PULL&BEAR
OYSHO | Bershka | KIKO MILANO

International Retail
(continued)

Armenia

Record growth in an evolving, high-potential retail market

Armenia delivered ⃁ 226 million of revenue in 2025 (+21% YoY), operating 25 stores across 14 brands. Growth was supported by rising consumer incomes, accelerating demand for branded retail formats and the ongoing modernization of the local retail landscape. With retail activity concentrated in Yerevan and digital adoption steadily increasing, Armenia offers a platform for selective expansion and store modernization.

Strategic direction and market context

The strategic focus of the Armenia business in 2025 was on strengthening the brand offering, enhancing customer experience and improving operational efficiency across the store network, while building on the 2024 base to drive sustained commercial performance.

Commercial and economic dynamics

Armenia's economy expanded by 7.2% in 2025, driven by construction and services, supporting commercial real estate development and continued expansion of organized retail infrastructure. Against this backdrop, the retail environment remained supportive throughout the year, underpinned by rising household incomes and a sustained shift toward modern, brand-led formats. Household disposable income per capita reached approximately USD 5,800.

Textiles, clothing and furniture ranked among the top non-food retail segments, with approximately 75% of the country's retail sales concentrated in Yerevan. Consumer lending grew strongly during 2025, sustaining purchasing power and discretionary spend across urban households.

Increased revenue by

21.0%

compared to 2024, reaching ⃁ 225.9 m

Retail landscape and consumer behavior

Armenia's fashion and apparel market remained robust in 2025, supported by rising household incomes and growing consumer appetite for branded, international retail formats. Women's apparel represented the largest segment of the fashion market, generating approximately USD 155-160 million in revenue growing from the 2024 base. The non-luxury segment dominated purchasing behavior, consistent with the middle-income profile of the Armenian consumer base, where demand is driven by value, quality and brand recognition rather than premium or luxury positioning. Despite a moderation in overall domestic trade growth to approximately 3%, partly reflecting normalization against a high prior-year base, consumer spending on clothing and non-essential retail categories remained steady throughout the year.

Per capita spending on clothing and footwear reached an estimated USD 311, supported by strong footfall across Yerevan's established shopping centers, where the majority of the country's retail activity is concentrated.

Performance and key highlights

The Armenia business delivered revenue of ⃁ 226 million in 2025 (+21% YoY vs ⃁ 187 million in 2024) – operating 25 stores across 14 brands – by continuing to prioritize customer experience in store and sustaining competitiveness presence; capturing the growth that is currently happening in the country. Armenia continued to be one of the top international performing countries.

International Retail
(continued)

Armenia

Operational review
Armenia's operating environment continued to evolve throughout the year, with regulatory compliance requirements under the Eurasian Economic Union framework representing the primary market-specific adaptation mandate.

The Company worked on strengthening its compliance workflows and working closely with brand partners and logistics providers to ensure product readiness ahead of the selling season, minimizing disruption to in-store availability and ensuring the best experience for customers.

Although these requirements represent a structural feature of operating within the EAEU regulatory environment, the Company's established market presence and familiarity with the framework position it to manage future category expansions as they are phased in.

Top performing brands
Zara and Inditex brands, along with Charles & Keith, delivered solid year-on-year growth and drove most of the Company's positive performance in the market.

Outlook and priorities
Armenia's retail market in 2026 is forecasted to grow steadily, with structural evolution toward modern and digital retail formats and increasing competitive intensity. Retailers that invest in technology, omni-channel presence and customer experience, while navigating macroeconomic risks, will be best positioned to capture the opportunities ahead.

The Company's priorities in Armenia are to modernize the existing store portfolio and introduce additional brands to the market over the next three to five years. Specific initiatives include the opening of a new Charles & Keith store in Yerevan Mall in 2026, and active engagement with landlords to prepare the ground for the 2027-2029 expansion program.

Top Performing Brands in Armenia

ZARA   CHARLES & KEITH

International Retail
(continued)

Uzbekistan

Strong revenue growth in a strategically positioned emerging market

Uzbekistan delivered ⃁ 180 million of revenue in 2025 (+36% YoY) in its first full operating year, scaling to seven stores across seven brands. Growth was supported by strong macroeconomic expansion, rising household incomes and increasing demand for organized retail formats. The Company's market entry strategy, anchored by a portfolio of globally recognized brands and a flagship location in Tashkent City Mall, delivered substantial commercial momentum during the year. With a young and expanding consumer base, improving retail infrastructure and accelerating digital adoption, Uzbekistan offers a compelling platform for long-term growth within the international portfolio.

Strategic direction and market context

The Uzbekistan business maintained strategic focus on sustaining sales momentum, deepening brand equity, developing local talent and reinforcing the operational disciplines necessary for long-term market sustainability.

Commercial and economic dynamics

Uzbekistan recorded its strongest recent economic performance in 2025. GDP grew by 7.7% in real terms, exceeding USD 145 billion for the first time. Real household incomes grew by 9.2%, supporting consumer spending capacity, while retail sales expanded by approximately 11% year-on-year. Inflation moderated from 9.8% in December 2024 to 7.3% by year-end, among the lowest levels in nine years supporting purchasing power during the second half.

Foreign investment inflows reached a record USD 43 billion during the year. Policy priorities in 2025 shifted from broad liberalization toward execution-focused objectives: industrialization, export competitiveness, energy security and public-private partnerships. The government's ambition to achieve upper middle-income status by 2030 remained the strategic anchor underpinning the country's reform trajectory.

Revenue grew to

⃁ 179.7 m

in 2025, representing a 35.6% increase from 2024.

Retail landscape and consumer behavior

Uzbekistan's retail market remains structurally underpenetrated by organized formats. Shopping centers accounted for approximately 13% of the retail market in 2024, compared to 30% in neighboring Kazakhstan, while traditional bazaars retained the majority share. Tashkent's quality retail space reached 514,000 square meters across 24 shopping centers by year-end 2025, with over 100,000 square meters commissioned during the year. Despite this expansion, the market remains significantly undersupplied, with approximately 165 square meters per 1,000 residents versus 450-500 in more mature retail markets.

The country's consumer base is defined by a pronounced youth profile, with 42.4% of the population under the age of 25 and the median age at 27 years. This drives strong demand for international fashion brands and growing engagement with digital channels. Fashion also ranks among the two largest categories in Uzbekistan's e-commerce market, which is projected to reach 9-11% of total retail by 2027.

Performance and key highlights

The Uzbekistan business delivered revenue of ⃁ 180 million in 2025, compared to ⃁ 132 million in 2024, representing 36% year-on-year growth. Operating seven stores across seven brands, this performance demonstrates that a curated multi-brand franchise portfolio can achieve strong volume growth and build durable brand equity within a single market cycle in a developing CIS economy.

In a market where 60% of the population is under 30, Cenomi International's Inditex-anchored portfolio was well positioned to capture growing demand for international fashion. Its premier location is in Tashkent City Mall, the country's largest and most modern retail destination at 103,000 square meters. The business benefited from high-quality infrastructure and strong footfall conversion. The resulting revenue growth and profitability reflects disciplined commercial execution in a well-chosen location and offers a replicable template for other developing markets within the segment.

International Retail
(continued)

Uzbekistan

Operational review

In 2025, Uzbekistan's operating environment reflected the characteristics of a market in active and positive development. The organized retail sector continued to expand, although the market remains significantly undersupplied relative to regional peers. The evolving regulatory environment, consistent with the government's ongoing reform program, required constant compliance attention. The business maintained disciplined stock planning and cost management throughout the year, supporting operational stability and strong year-on-year revenue growth. The Company continued to focus on enhancing its brand equity in Uzbekistan and delivering best-in-class customer experience as the brands continued to gain popularity from customers.

Top performing brands

The Inditex portfolio – Zara, Massimo Dutti, Oysho, Stradivarius, Pull & Bear and Bershka – delivered strong performance across its respective consumer segments, validating the market's multi-brand approach. Zara served as the primary volume and footfall driver across the portfolio, leveraging its global brand recognition and fast-fashion proposition. Massimo Dutti distinguished itself through its premium positioning and customer profile. Oysho and Stradivarius delivered solid results within their respective product specialisms, and Pull & Bear and Bershka drove volume within the younger demographic segment, consistent with Uzbekistan's pronounced youth profile. Mid-market international fashion was the strongest-performing category within the Cenomi Retail portfolio in 2025.

Outlook and priorities

The outlook for Uzbekistan's retail market is supported by structural fundamentals: the largest absolute population growth in Central Asia, rising household incomes and the ongoing transition from informal to organized retail formats. Tashkent's retail space pipeline continues to develop, and Tashkent City Mall's position as a landmark destination supports sustained footfall. E-commerce is projected by KPMG to reach 9-11% of total retail penetration by 2027, with fashion among the two dominant online categories.

For the Uzbekistan business, the priority for 2026 is to convert top-line growth into deeper profitability and more sustainable store economics. Specific objectives include improving store-level productivity, strengthening margin performance and optimizing the existing store portfolio before pursuing further expansion.

Operational focus areas include enhancing assortment and pricing to improve full-price sell-through, strengthening operational efficiency across the store network, and exploring digital integration opportunities to extend consumer reach beyond the physical mall.

Top Performing Brands in Uzbekistan

ZARA | Stradivarius | Massimo Dutti | OYSHO | Bershka

International Retail
(continued)

Jordan

Disciplined execution in a resilient and value-driven market

Jordan delivered ⃁ 150 million of revenue in 2025 (+2.7% YoY), operating 54 stores across 18 brands in six malls; the deepest single-market network outside the CIS corridor. The market is supported by favorable demographics, established retail infrastructure and sustained demand for recognized international brands. In 2025, the business focused on strengthening profitability, enhancing store productivity and aligning product and pricing strategies with evolving consumer preferences. Through disciplined execution, agile commercial management and a clear emphasis on efficiency and customer relevance, Jordan continued to provide a stable platform for sustainable performance and future digital growth.

Strategic direction and market context

The Jordan business maintained a strategy centered on profitability optimization, inventory discipline and operational efficiency, building on the strategic direction initiated in 2024. The focus shifted from expansion to strengthening store productivity, improving sell-through performance and optimizing product mix to better align with local consumer demand.

In response to the more competitive and price-sensitive retail environment in Jordan, the business prioritized refined pricing strategies and targeted marketing initiatives aimed at increasing customer engagement and improving average transaction values.

Retail landscape and consumer behavior

Jordan's retail market in 2025 remained resilient and highly competitive, shaped by moderate consumer spending growth and increasing price sensitivity.

Operating the largest store network of Cenomi Retail outside CIS corridor with a portfolio of 54 stores in 6 malls

Consumers placed greater emphasis on value for money, seasonal promotions and trusted brands, particularly within the mid-market and value fashion segments. Shopping malls continued to serve as the primary retail channel, sustaining solid footfall during peak campaigns and promotional periods, while retailers focused on assortment optimization and margin protection in response to more selective purchasing behavior.

The market continues to benefit from supportive long-term fundamentals, including a young and growing population with a strong concentration of consumers aged 18 to 35, a key demographic for fashion and lifestyle retail. Demand is further supported by established mall culture, rising awareness of international brands and growing digital and social media influence on purchasing decisions. Expanding e-commerce adoption is also creating additional opportunities for retailers to deepen customer engagement and broaden channel reach.

Performance and key highlights

The Jordan business delivered revenue of ⃁ 150 million in 2025 (+2.7% YoY vs ⃁ 146 million in 2024), operating 54 stores across 18 brands in six malls; the largest store network and brand presence outside the Company's CIS corridor. Performance was supported by improved pricing discipline, product mix and promotional execution, alongside stronger inventory management and stock rotation that enhanced working capital efficiency and reduced slow-moving inventory. Tighter in-store operational controls supported productivity across the network and strengthened sell-through performance.

One of the most successful initiatives in 2025 was the Ramadan trading period, where focused promotional campaigns, improved store execution and targeted marketing activities resulted in strong customer engagement and increased sales momentum across several brands.

International Retail
(continued)

Jordan

Operational review

The operating environment in 2025 required agile responses to heightened consumer price sensitivity, increased competitive intensity and higher operating and logistics costs arising from regional geopolitical conditions. In response, the business strengthened inventory controls, implemented targeted promotional campaigns and advanced operational efficiency initiatives to protect performance. Strategic stock planning and focused commercial execution during key trading periods, including Ramadan and year-end sales, enabled the business to effectively navigate these pressures, sustaining momentum.

Top performing brands

Fashion remained the largest contributor to 2025 performance, led by Stradivarius and Mango. The accessories and footwear categories - including Parfois, Aldo and Charles & Keith - delivered consistent results during the year. The lingerie segment, anchored by La Vie en Rose and Marie France, contributed to portfolio diversification, while ADL supported performance within the broader fashion portfolio.

Outlook and 2026 priorities

Looking ahead to 2026, the outlook for Jordan's retail sector remains cautiously optimistic, supported by favorable long-term fundamentals despite sustained consumer price sensitivity. Gradual improvement in spending conditions, a young consumer base and established mall infrastructure continue to underpin demand, while retailers remain focused on value, relevance and customer experience.

Within this environment, the Jordan business will prioritize sustainable profitability, operational efficiency and disciplined inventory management rather than aggressive expansion. Key 2026 priorities include further optimization of the store portfolio, such as selective closure of underperforming locations alongside ongoing improvements in inventory turnover, sell-through performance, pricing strategy and store productivity.

The business will advance digital capabilities as part of its next phase of growth. Planned initiatives include enhanced demand forecasting, stronger CRM and customer engagement programs, and the preparation and launch of online sales channels to complement the existing physical network. This measured approach is designed to maximize returns from the current platform and build a more efficient and customer-focused retail model for the next phase of growth.

Top Performing Brands in Jordan

MANGO | stradivarius | IPEKYOL | la Vie en Rose | ALDO Accessories
adL | PARFOIS | Marie France | CHARLES & KEITH

Food and Beverage

Scaling resilient F&B brands in a dynamic consumer market

Cenomi Retail's F&B platform remains an important component of its diversified consumer portfolio, providing exposure to one of Saudi Arabia's most attractive and fast-evolving growth sectors. In 2025, the business continued to sharpen its focus on scalable concepts, disciplined portfolio management and multi-channel customer engagement, while adapting to a more competitive and margin-conscious operating environment. With strong structural demand drivers, rising digital adoption and clear opportunities for brand-led expansion, the segment remains well positioned to contribute long-term value creation.

Market context

Saudi Arabia's food service market continues to offer attractive long-term growth prospects, entering a more disciplined phase of development. Following a period defined by rapid outlet expansion and new concept launches, the market is increasingly shifting toward profitability-led growth, with greater emphasis on operational efficiency, customer retention and scalable economics. The sector was valued at USD 35 billion in 2024 and is projected to grow at a CAGR of 8% through 2032. Online food delivery remains a faster-growing channel, reaching USD 3 billion in 2024 and forecast to expand at an 18% CAGR through 2030.

The competitive landscape has become broader and more dynamic across all segments. Local champions such as ALBAIK, Herfy and Kudu continue to benefit from strong cultural relevance and efficient operating models, while international brands leverage standardized systems and global marketing capabilities to scale rapidly. Chained outlets are expanding at an 11% CAGR, reflecting increasing franchise penetration, although independent operators still account for 58% of total outlets, highlighting the continued strength of entrepreneurial and locally tailored concepts. As competition intensifies, differentiation through brand identity, quality and customer experience has become increasingly important.

Market segmentation

The Saudi F&B market is typically segmented across five primary formats.

Quick service restaurants (QSR)	QSR is the largest revenue segment, dominated by both international chains and homegrown operators (ALBAIK, Herfy, Kudu). Franchise expansion remains aggressive.
Casual dining	Strong family-dining heritage. This segment is increasingly competitive as experiential expectations rise, and concept differentiation becomes a key retention driver.
Fine dining	Fine dining continues to benefit from tourism growth and rising disposable incomes. International brand entry through hospitality-linked venues is accelerating post-Vision 2030.
Cafes and specialty coffee	Cafes and specialty coffee is one of the fastest-growing F&B segments. Barn's, a drive-through coffee chain, reached 700 stores across the Kingdom by 2024, while third-wave specialty coffee concepts are proliferating across urban centers.
Cloud kitchens and delivery-only brands	Market was valued at USD 173 million in 2023. Cloud kitchen operators can reduce overheads by up to 60% versus traditional restaurant setups; key players include Kitopi, Sarwa Foods and Hunger Station's own cloud kitchen network.

Consumer behavior is also evolving rapidly. Dining decisions are increasingly shaped by social media, peer review platforms and brand storytelling, while quality, ambiance and service standards now carry greater weight relative to price. Digital visibility has become essential for customer discovery, particularly among the 15-44 age segment. Delivery remains a dominant channel, with HungerStation reporting more than 15 million active users and 35 million annual orders in 2023. Delivery accounted for 58% of total food service transactions in Riyadh and Dammam. At the same time, rising restaurant density in key cities, higher labor and occupancy costs, and growing expectations shaped by international travel are raising the bar for operators. Against this backdrop, tourism growth, digital loyalty ecosystems and capital-efficient models such as franchise formats and cloud kitchens present compelling avenues for sustainable expansion.

Food and Beverage
(continued)

Performance and key highlights

Against this backdrop, F&B performance in 2025 was stable at the revenue level. Profitability was impacted by short-term margin pressures as the business prioritized long-term customer value and portfolio quality. Margin performance was affected by higher operating costs and a deliberate increase in value-driven offers, particularly through third-party delivery platforms. These initiatives were designed to strengthen traffic, average spend and customer loyalty in an environment shaped by greater price sensitivity, heightened promotional intensity and strong market competition. While such offers can reduce margins in the short term, they are intended to support more sustainable profitability over time through stronger retention and channel growth.

During the year, Cenomi Retail continued to reposition the segment through disciplined portfolio optimization. This included the exit of Cafe Di Classe, Jamba Juice, Kahve Dünyası, Secrets Cake and Cabana, alongside store optimization across selected lower-performing locations and formats. Management's approach reflected a clear shift from broad expansion toward a more focused operating model centered on high-performing champion brands with stronger long-term economics. The year highlighted that F&B remains strategically important to the Group, with future growth expected to be led by scalable concepts that can perform across multiple channels and formats.

Operational execution remained a priority with customer experience initiatives driving stronger engagement through higher digital interaction, increased review activity and deeper online sales penetration across key brands. This in turn supported brand visibility and customer reach with great focus on improving operational consistency and customer experience across all platforms and formats.

Case study

Subway's exceptional customer experience

A strong example of operating standards came from Subway, which completed 115 Restaurant Evaluation Visit (REV) audits during the year and achieved a 92% score, above the EMEA regional average of 90%. Conducted by independent third-party provider Ecosure on behalf of Subway International, these audits assess brand standards and food safety, providing a globally benchmarked measure of execution quality. Each restaurant must pass both sections of the audits to successfully clear the audit, with Subway's remarkable score highlighting the brand and Cenomi Retail's focus on enhancing customer experience and maintaining the highest quality standards. These scores also provide an internationally benchmarked reference point to assess the progress of individual franchise operators.

Subway also demonstrated the strongest operating resilience in 2025, supported by strong brand equity, operational simplicity and growing digital relevance. Additionally, Subway delivered significant progress in online and delivery channels, highlighting the importance of concepts whose menus and packaging travel well and whose formats can flex across dine-in, takeaway and delivery occasions. Subway's online sales contribution (as in the delivery sales contribution versus dine in) increased from 27% of revenue in 2024 to 39% in 2025, while Cinnabon increased from 39% to 43%, reflecting continued customer adoption of digital ordering channels.

Outlook and 2026 priorities

Looking ahead to 2026, management's priorities for the F&B segment are centered on driving like-for-like sales and traffic growth, enhancing margin performance across the portfolio. The focus will remain on balancing top-line momentum with disciplined profitability, supported by continued portfolio optimization and clear performance targets. Through this measured approach, Cenomi Retail aims to strengthen the earnings quality of the segment and positioning its core brands for sustainable multi-channel growth.

E-commerce

Integrating digital channels to drive scalable growth

E-commerce continues to play an increasingly central role in Cenomi Retail's operating model, supporting efficiency and deeper customer engagement across its portfolio. In 2025, the channel progressed beyond a standalone sales function to become fully embedded within the Group's commercial and operational framework, enabling revenue growth without proportional expansion of the physical footprint. Through continued investment in omnichannel capabilities, data-driven decision-making and customer experience, e-commerce is strengthening the connection between physical stores and digital platforms while enhancing the scalability and resilience of the business.

Market context

Saudi Arabia's e-commerce sector has rapidly expanded in recent years, underpinned by strong structural growth and accelerating digital adoption.The market has approximately doubled in size between 2020 and 2025, reaching USD 13 billion in 2020 and an estimated USD 21 billion in 2025. It is expected to continue this expansion, with projections indicating growth to USD 29 billion by 2029 at a CAGR of 9%, while long-term growth forecasts indicate a CAGR of 12% through 2031. In parallel, online retail reached ⃁ 85 billion in 2025 and is expected to account for 8% of total retail by 2026, reflecting its increasing role within the broader consumer economy.

Consumer behavior has evolved significantly, driven by three structural shifts. The transition toward cashless payments has accelerated, with electronic payments accounting for 79% of retail transaction volume in 2024, compared to 57% in 2021, while e-commerce spending through Mada reached ⃁ 197 billion, representing year-on-year growth of 26%. At the same time, purchasing behavior is becoming more experience-led, with cross-border e-commerce accounting for approximately 40% of online sales in early 2025, reflecting growing demand for international brands. Digital engagement has also become continuous and mobile-driven, supported by smartphone penetration exceeding 98% and 5G coverage surpassing 90% in 2025, reinforcing the importance of seamless, always-on digital retail experiences.

These trends are supported by broader structural developments aligned with national transformation objectives. Non-cash transactions have already exceeded long-term targets, reaching 79% of retail payments, while the digital economy contributed approximately ⃁ 495 billion, or around 15% of GDP, in 2024. Female labor force participation reached 36%, surpassing target levels, and the non-oil economy accounted for 52% of GDP in 2025. Together, these factors are shaping a more digitally integrated, consumer-driven retail environment, reinforcing the long-term growth trajectory of e-commerce within the Kingdom.

+15.0% YoY	+21.2% YoY	+28.0%
Online revenue (including all revenue segments) in the Kingdom	**Online revenue growth delivered by Zara in the Kingdom**	**Growth in Inditex's portfolio in the Kingdom**

E-commerce
(continued)

Performance and key highlights

E-commerce as a core operating channel

Against this backdrop, performance in 2025 reflected continued progress in integrating e-commerce into the Group's operating model. Group online revenue grew 15% year-on-year, increasing its contribution to 8% of total Group revenue, compared to 7% in 2024. Growth was led by Tier 1 Champion brands, with Zara's online revenue in the Kingdom of Saudi Arabia increasing 21.2% year-on-year and the broader Inditex portfolio increasing 28.0%, contributing to overall KSA online growth of 15% for the year.

Champion brands driving digital performance

Online performance was concentrated within the Group's Tier 1 Champion brands, reinforcing their central role in both commercial execution and digital strategy. In the Kingdom of Saudi Arabia, Zara delivered online revenue growth of 21.2% year-on-year, while the broader Inditex portfolio grew by 28.0%. Across international markets, Inditex online revenue increased 56% year-on-year, reflecting rapid scaling from a smaller base. This performance in turn supported the continued prioritization of Tier 1 Champion brands within the Group's digital investment and operating model. Inventory allocation and assortment depth were increasingly directed toward the Tier 1 cluster to support higher conversion rates and sustained online demand.

Strengthening operational integration

Progress during the year was defined by deeper operational integration across the channel. Inventory capabilities were enhanced through improved stock visibility across physical and online touchpoints for Tier 1 Champion brands, increasing availability and reducing lost sales on high-demand products. Fulfilment capabilities were strengthened through improvements in warehouse and last-mile operations, shortening order-to-delivery timelines, while Click & Collect execution was optimized and coverage expanded across the store network. This enabled stores to function as micro-fulfilment nodes, improving the efficiency and economics of online order fulfilment.

Enhancing the digital customer journey

Customer experience improvements focused on strengthening the end-to-end digital journey. Payment and checkout capabilities were expanded through the integration of Apple Pay and regulated buy now, pay later partners, aligning with evolving consumer payment preferences. At the same time, the Company deepened its use of franchisor-provided CRM and analytics tools within Inditex-brand operations, enabling more targeted customer re-engagement and strengthening feedback loops between online demand signals and in-store assortment decisions.

Divergent growth across markets

Online performance in 2025 reflected the differing levels of digital maturity across the Group's markets. In the Kingdom of Saudi Arabia, online revenue grew 15% year-on-year including all revenue segments which are fashion, F&B, lifestyle, multimedia, sports and beauty; extending growth from an already established base. In contrast, international markets delivered online growth of 56% year-on-year, reflecting rapid scaling as digital infrastructure continues to develop. This divergence highlights a two-speed growth pattern, with more mature markets compounding steadily while emerging markets expand more rapidly as adoption accelerates.

Driving efficiency and productivity

E-commerce also played a central role in improving operational efficiency across the Group. Online revenue growth of 15% was achieved alongside a 16% reduction in the store base to 742 locations, reflecting continued portfolio rationalization. This decoupling of revenue growth from physical expansion demonstrates the increasing importance of asset-light channels in the operating model. The impact was also reflected in store productivity, with Group revenue per store increasing 25% year-on-year. By leveraging existing store infrastructure for fulfilment through Click & Collect, the online channel complements the physical network while supporting cost discipline and overall operational efficiency.

Outlook and 2026 priorities

Looking ahead to 2026, e-commerce remains a central pillar of Cenomi Retail's Phase 2 growth strategy. The focus will be on sustaining online channel growth and further strengthening the integration between physical stores and digital platforms, reinforcing a fully omnichannel operating model. At the same time, continued investment in customer experience and platform capabilities will support deeper engagement, improved conversion and more efficient execution across the channel, positioning e-commerce to play an increasingly important role in the Group's long-term growth and value creation.

Corporate Governance

Business Overview	124
Board of Directors	132

Group revenue reached ⃁ 5.1 billion in 2025

International revenue growth of 18.8% reflects the resilience of our diversified footprint and the disciplined management of market-specific dynamics.

Business Overview

FY-2025 At a Glance

Revenue	Revenue/ Store	International Revenue	Online Contribution
⃁ 5.1bn	+25.2%	+18.8%	8.2%
+5.3% YoY	YoY – Company level	YoY growth	vs. 7.5% in FY-2024

A Year of Operational Discipline

FY-2025 represented a year of continued operational focus for Cenomi Retail as the Company concentrated on strengthening execution across its retail platform. The Management's priorities during the year included improving store productivity, maintaining the performance of core fashion brands and expanding the Company's omnichannel capabilities across its markets.

The Company's revenue reached ⃁ 5.1 billion, representing a 5.3% year-on-year (YoY) growth supported by strong demand for the Company's leading fashion brands and continued momentum in both international markets and online sales.

Performance in the Kingdom of Saudi Arabia

Saudi Arabia remains the Company's largest and most established market. During FY-2025, performance in the Kingdom remained broadly stable as management focused on improving store productivity and strengthening operational execution across the existing retail network.

Leading fashion brands, particularly those within the Inditex portfolio, continued to anchor the Company's revenue base and maintain strong customer demand in the Kingdom.

International Market Growth

International markets were the primary contributor to the Company's revenue growth during the year. Cenomi Retail recorded strong performance across several international markets, particularly within the CIS region where favorable market conditions and continued demand for leading fashion brands supported higher sales and improved store productivity.

As a result, international retail revenue increased to ⃁ 1.6 billion, reinforcing the importance of international operations in diversifying the Company's revenue base.

Food and Beverage Portfolio Actions

Within the Food and Beverage segment, management continued reviewing the performance of individual concepts across the portfolio. In Q4-2025, the Company implemented a targeted action to close five underperforming F&B brands, reflecting a decision to improve the quality and sustainability of the segment.

These actions were undertaken toward the end of the year and reflect the Company's continued focus on disciplined portfolio management.

Digital and Omnichannel Progress

Digital commerce continued to expand during the year, with online sales growing across both Saudi Arabia and international markets. The online channel contributed to 8.2% of the total Company revenue, reflecting the continued adoption of digital shopping and the strengthening integration between online platforms and physical stores.

The Company continues to view omnichannel capabilities as an important component of its long-term retail strategy.

Financial Performance and Capital Structure

While the Company delivered revenue growth and improvements in operational productivity during the year, overall profitability was affected by several non-recurring items including foreign exchange losses, tax-related settlements, asset write-offs and goodwill impairment. As a result, Cenomi Retail reported a net loss of ⃁ 496.7 million for FY-2025.

During the year, and under the Share Purchase Agreement, Cenomi Retail strengthened its capital structure through a ⃁ 1.35 billion shareholder loan facility from Al-Futtaim, and a ⃁ 1.6 billion Emirates NBD (KSA) facility which was converted into a term loan, contributing to a more structured liability profile as the Company continues executing its operational priorities.

Financial Performance

	Fiscal Year 2024	Fiscal Year 2025	Change
Revenue (⃁'000s)	4,847,143	5,103,856	+5.3%
Gross Profit (⃁'000s)	565,644	579,585	+2.5%
Gross Margin	11.7%	11.4%	-0.3pp
EBITDA (⃁'000s)	460,626	162,189	-64.8%
EBITDA Margin	9.5%	3.2%	-6.3pp
Net Loss for the company (⃁'000s)	-197,463	-496,742	152%
Revenue per Store (⃁'000s)	5,496	6,879	+25.2%
Store Count	882	742	-15.9%
Brand Count	51	41	-10 brands
Online Revenue as % of Total	7.5%	8.2%	+0.7pp

Revenue Breakdown

	31 December 2025 (⃁'000s)	31 December 2024 (⃁'000s)
Revenue by division		
KSA Retail	3,195,797	3,184,670
International Retail	1,584,697	1,334,321
F&B	323,362	328,152
Revenue by channel		
Stores	4,686,565	4,483,770
Online	417,291	363,373
Revenue by geography (%)		
KSA	68.9%	72.5%
International	31.1%	27.5%

Financial highlights for the last five years

Balance Sheet KPIs (⃁'000s)	December 2025	December 2024**	December 2023	December 2022*	March 2022*
Total current assets	1,023,817	1,270,792	1,666,918	1,947,749	2,131,222
Total non-current assets	2,999,651	3,343,163	4,090,705	5,205,221	5,231,605
Total assets	4,023,468	4,613,955	5,757,623	7,152,970	7,362,827
Total current liabilities	2,574,320	4,281,282	4,678,965	4,693,137	5,066,323
Total non-current liabilities	2,915,352	1,350,810	1,884,964	2,113,891	2,092,336
Total liabilities	5,489,672	5,632,092	6,563,929	6,807,028	7,158,659
Total equity	-1,466,204	-1,018,137	-806,306	345,942	204,168
Total liabilities and equity	4,023,468	4,613,955	5,757,623	7,152,970	7,362,827

*These are based on restated numbers as presented in the Annual Financial Statements of 2023
**These are based on reclassified numbers as presented in the Annual Financial Statements of 2025

Income Statement KPIs (⃁'000s)	12 Months ended December 2025	12 Months ended December 2024**	12 Months ended December 2023	12 Months ended December 2022*	9 Months ended December 2022*
Revenue	5,103,856	4,847,143	5,232,231	5,525,341	4,247,672
Gross profit	579,585	565,644	646,506	845,268	695,203
Operating profit	-90,528	229,167	-640,067	327,955	321,708
Net (Loss)/profit for the company	-496,742	-197,463	-1,112,807	36,865	100,435

*These are based on restated numbers as presented in the Annual Financial Statements of 2023
**These are based on reclassified numbers as presented in the Annual Financial Statements of 2025

Comparing activity results with the previous same period

(⃁'000s)	12 Months ended December 2025	12 Months ended December 2024	Change	Percentage of Change
Revenue	5,103,856	4,847,143	256,713	5.30%
Cost of revenue	-4,524,271	-4,281,499	-242,772	5.67%
Gross profit	579,585	565,644	13,941	2.46%
Operating expenses	-670,113	-336,477	-333,636	99.16%
Operating profit	-90,528	229,167	-319,695	-139.50%
Net profit	-496,742	-197,463	-299,278	151.56%
Loss for the year is attributable to:				
Shareholders of the Company	-505,507	-203,539	-301,968	148.36%
Non Controlling Interests	8,765	6,075	2,690	44.28%

Accounting Standards

The Company has fully adopted International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Subsidiaries and their Associates

No	Subsidiaries	Country of Incorporation	Business Activity	Ownership Interest Held by the Group as at 31-Dec-25	31-Dec-24
1	**Al Waheedah Equipment Co. Ltd.**	Kingdom of Saudi Arabia	Retail	100	100
2	**Haifa B. Al Kalam & Partners Co. for trading**	Kingdom of Saudi Arabia	Retail	100	100
3	**Saudi Retail Co. Ltd**	Kingdom of Saudi Arabia	Retail	100	100
4	**Wahba Trading Company Limited**	Kingdom of Saudi Arabia	Retail	100	100
5	**Unique Technology Trading Company**	Kingdom of Saudi Arabia	Retail	100	100
6	**Nesk Trading Projects Company**	Kingdom of Saudi Arabia	Retail	100	100
7	**Innovative Union Company (IUC)**	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	**Food Gate Company**	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	**Logistics Fashion Trading DWC-LLC**	United Arab Emirates	Retail	100	100
10	**Al-Jeel Trading Company**	Kingdom of Saudi Arabia	Retail	100	100
11	**Fashion Retail Kazakhstan LLP**	Republic of Kazakhstan	Retail	100	100
12	**Global Apparel Kazakhstan LLP**	Republic of Kazakhstan	Retail	100	100
13	**Retail Group Georgia LLC**	Georgia	Retail	100	100
14	**Master Retail Georgia LLC**	Georgia	Retail	100	100
15	**Spanish Retail Georgia LLC**	Georgia	Retail	100	100
16	**Pro Retail Georgia LLC**	Georgia	Retail	100	100
17	**Best Retail Georgia LLC**	Georgia	Retail	100	100
18	**Mega Store Georgia LLC**	Georgia	Retail	100	100
19	**Fashion Retail Georgia LLC**	Georgia	Retail	100	100
20	**Global Apparel Georgia LLC**	Georgia	Retail	100	100
21	**Retail Group Holding LLC**	Georgia	Retail	100	100
22	**Master Home Retail**	Georgia	Retail	100	100
23	**RIGE Co.**	Arab Republic of Egypt	Retail	99	99
24	**Retail Group Egypt Co. S.A.E**	Arab Republic of Egypt	Retail	98	98
25	**Retail Group Armenia CJSC**	Armenia	Retail	96	96
26	**Spanish Retail CJSC**	Armenia	Retail	100	100
27	**ZR Fashion Retail CJSC**	Armenia	Retail	100	100
28	**Global Apparel CJSC**	Armenia	Retail	100	100
29	**BR Fashion Retail CJSC**	Armenia	Retail	100	100
30	**Master Retail CJSC**	Armenia	Retail	100	100
31	**Best Retail CJSC**	Armenia	Retail	100	100
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 vehicles across several countries which are not material to the Group.

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

Shares and Debt Instruments Issued by Subsidiaries

There are no stocks and debt instruments issued by the subsidiary companies.

Dividend Policy

In accordance with Article 46 of the Company's Bylaws, the general policy for dividend distribution is as follows:

1. The General Assembly shall determine the percentage of net profits to be distributed to shareholders after the deduction of any reserves.
2. When determining the dividend payout from net profits, the Ordinary General Assembly may resolve to form reserves to the extent that it serves the Company's interests or ensures the distribution of stable dividends to shareholders as much as possible. Furthermore, the General Assembly may withhold amounts from net profits for the social purposes of the Company's employees.

A Description of Interests in the Category of Voting Shares

There are no interests in the category of voting shares.

Description of Interests, Rights of Option and Subscription Rights of Members of the Board of Directors, Senior Executives, their Spouses and Minors in Shares and Debt Instruments Issued by the Company or its Subsidiaries

There are no interests, option rights or subscription rights belonging to any of the members of the Board of Directors, the Company's Senior Executives, their spouses or their minor children in shares or debt instruments issued by the Company or its subsidiaries, other than what will be disclosed for the members of the Board of Directors in this Report.

Loans Against the Company and its Subsidiaries and the Amounts Paid During the Year

- On 14 September 2025, Fawaz Abdulaziz Alhokair Company (Cenomi Retail) entered into a ⃁ 1,600 million credit facility agreement with Emirates NBD Bank, Kingdom of Saudi Arabia. The facility consists of a short-term loan with a 90-day maturity, intended to be refinanced into a three-year term loan, with an option to extend for an additional two years at the bank's discretion, subject to execution of the relevant agreements. The loan carried an interest rate of 3-month SAIBOR plus 1%. The facility is intended for the prepayment and settlement of existing bank debts. Guarantees include a promissory note from the Company and a corporate guarantee from Al Futtaim Private Company LLC, which is considered a related party due to its affiliation with Al Futtaim Retail Company, a substantial shareholder following the completion of a private share purchase transaction on 15 September 2025.

Subsequently, on 14 December 2025, the Group finalized the refinancing arrangements and converted the facility from a short term loan into a long term loan in accordance with the terms originally contemplated in the agreement. The loan carries an interest rate of 3-month SAIBOR plus 1.2%.

- On 14 September 2025, the Company entered into a ⃁ 1,350 million shareholder's loan through a tri-party agreement with Al Futtaim Private Company LLC (an intermediate parent of Al Futtaim Retail Company). Under the agreement, Al Futtaim Private Company LLC is designated as the "Lender," and Al Futtaim Retail Company is identified as the "Purchaser of the Company's shares." The loan was extended pursuant to the terms of the share purchase agreement related to the special transaction. It carries an interest rate equal to the 3-month SAIBOR plus 3.6%, with interest capitalized every three months. Repayment is due at the earlier of five years from the disbursement date or three months after the completion date of the special transaction, at the Lender's discretion. The facility is intended to support the Company's financial position and enable the settlement of existing obligations. The agreement also grants the lender an option to convert the outstanding loan balance into equity, subject to regulatory and shareholder approvals.

The Creditor (⃁'000s)	Loan Term	Loan Principal	Withdrawn during the Year	Interest Capitalized during the Year	Settlement during the Year	Loan balance as of 31 December, 2025
National Commercial Bank	84 months	1,487,386	--	-	-1,487,386	-
Riyad Bank	36 months	150,000	150,000	-	-300,000	-
Bank of Georgia	48 Months	93,700	--	-	-93,700	-
TBC Bank	30 Months	24,837	--	-	-24,837	-
Bank of Georgia	LC Refinance	7,831	--	-	-7,831	-
TBC Bank	LC Refinance	31,911	6,229	-	-19,276	18,864
Pasha Bank	18 Months	5,303	8,932	-	-7,881	6,354
Metropol Group	24 Months	7,449	--	-		7,449
SQB Bank	18 Months	6,281	4,367	-	-8,627	2,021
Bank Al Etihad – Jordan	LC Refinance	5,831	--	-	-5,831	--
Pasha Bank-Azerbaijan	LC Refinance	22,090	2,209	-	-24,299	--
Emirates NBD	3 Months	-	1,600,000	-	-1,600,000	--
Emirates NBD	3 Years + 2 years extension option	-	1,574,020	-	-	1,574,020
Shareholder Loan	5 Years	-	1,350,000	28,477	-	1,378,477
Total		1,842,619	4,695,757	28,477	-3,579,668	2,987,185

Description of Convertible Debenture

There is no convertible debenture issued by the Company.

Description of Transfer or Subscription Rights

There are no transfer or subscription rights issued by the Company.

Description of Recovered or Canceled Debt Instruments of the Company and its Subsidiaries

There are no redeemed or canceled debt instruments of the Company and its subsidiaries.

Board of Directors

Composition of the Board of Directors and Classification of its Members

The Board of Directors for the current session was elected by the General Assembly for a period of three years, which started on 12 August 2023 and ends on 11 August 2026.

On 17 April 2025, the Board of Directors resolved to appoint Dr. Abdullah Bin Mohammed Mattar as a Board member to fill the vacant seat, effective from his date of appointment until the end of the Board session on 11 August 2026.

On 15 September 2025, the Board of Directors approved the acceptance of the resignation of four Board members and the appointment of four new members effective from 15 September 2025, based on the recommendation of the Nomination and Remuneration Committee.

The Board of Directors also resolved on 15 September 2025 to accept the resignation of two Board members and appoint two new members effective from 16 September 2025, based on the recommendation of the Nomination and Remuneration Committee, and to appoint the Chairman and the Vice Chairman of the Board of Directors.

The table below illustrates the composition of the Board of Directors from 1 January 2025 through 15 September 2025 and 16 September 2025.

#	Name	Nationality	Capacity	Membership Status
1	Fawaz Bin Abdulaziz Alhokair*	Saudi	Chairman	Non-Executive
2	Dr. Abdulmajid Bin Abdulaziz Alhokair*	Saudi	Vice Chairman	Non-Executive
3	Abdulmajid Bin Abdullah Albasri**	Saudi	Member	Non-Executive
4	Abdulrahman Bin Mohammed Alanqari	Saudi	Member	Independent
5	Ahmed Bin Mohammed AlAlsheikh*	Saudi	Member	Independent
6	Mansour Bin Saad Alajlan**	Saudi	Member	Independent
7	Ahmed Bin Saleh Alsultan	Saudi	Member	Non-Executive
8	Ahmed Badawi Naif Shaheen*	Saudi	Member	Independent
9	Dr. Abdullah Bin Mohammed Mattar	Saudi	Member	Independent

* Resigned on 15 September 2025
** Resigned on 16 September 2025

The table below illustrates the composition of the Board of Directors following the appointment of the new Board members and the exclusion of the resigned Board members during the year.

#	Name	Nationality	Capacity	Membership Status
1	Hussein Bin Ali Shobokshi*	Saudi	Chairman	Independent
2	Ahmed Wassim Al Arabi*	American	Vice Chairman	Non-Executive
3	Abubakr Abdulla Al Futtaim**	Emirati	Member	Non-Executive
4	Tariq Bin Saad AlTwijrey**	Saudi	Member	Independent
5	Dr. Abdulrahman Bin Mohammed Alanqari	Saudi	Member	Independent
6	Russell Michael Rodrigues*	Indian	Member	Non-Executive
7	Ismail Hassan El Khatib*	Emirati	Member	Non-Executive
8	Ahmed Bin Saleh Alsultan	Saudi	Member	Non-Executive
9	Dr. Abdullah Bin Mohammed Mattar	Saudi	Member	Independent

* Appointed on 15 September 2025
** Appointed on 16 September 2025

The appointment of the members was ratified at the Extraordinary General Assembly meeting held on 5 January 2026.

Experience and academic qualifications of Board Members

Hussein Bin Ali Shobokshi

Chairman of the Board - Cenomi Retail

Qualification

- Bachelor's degree in Political Science and Business Administration - University of Tulsa, USA

Areas of expertise

- General trading, contracting, electrical works
- Financial Manager at Shobokshi Development & Trading Co.
- Data Analyst at Morgan Stanley, USA

Ahmed Wassim Al Arabi

President of the Retail Division at Al-Futtaim Group

Qualification

- Bachelor's degree in Business Administration - University of Arkansas, USA

Previous Role

- Chief Executive Officer (Shopping Centers and Entertainment Division) - Emaar

Areas of expertise

- Chief Executive Officer (Retail Division) - Alshaya Group
- Chief Executive Officer - WA Consulting for three years
- Chief Executive Officer (Shopping Centers and Entertainment Division) - Emaar

Abubakr Abdulla Al Futtaim

Qualification

- Bachelor's degree in International Studies and Political Science – Macalester College, USA

Areas of expertise

- 20 years of experience in strategy and operations

Tariq Bin Saad AlTwijrey

Investment Director at King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba)

Qualification

- Executive Master of Business Administration – King Saud University, KSA
- Bachelor's degree in Business Administration – Arab Open University, KSA

Areas of expertise

- Member of Board of Directors and committees of several companies, extensive experience in governance of domestic and regional investments

Previous Role

- Deputy CEO Advisor – Cenomi Centers

Dr. Abdulrahman Bin Mohammed Alanqari

Qualification

- PhD in Architecture

Areas of expertise

- Member of the Board of Directors and Chairman of the Nominations Committee – Saudi Finance Company

Previous Role

- Vice Chairman of the Board of Directors and Chairman of the Audit Committee – Arab Insurance Company

Russell Michael Rodrigues

Group Director of Internal Audit at Al-Futtaim Group

Qualification

- Certified Financial Manager
- Bachelor's degree in Commerce
- Chartered Accountant
- Certified Management Accountant

Areas of expertise

- More than 35 years of experience in internal audit and financial accounting

Previous Role

- Controller – Al Futtaim Group
- Finance Director -Al-Futtaim Group (Retail Division)
- Finance Director -Al-Futtaim Group (Automotive Division)

Ismail Hassan El Khatib

Director - Investments at Al-Futtaim Private

Qualification

- Bachelor's degree in Business Administration - American University of Sharjah, UAE
- Certified Management Accountant - Institute of Management Accountants, USA
- Executive MBA - Hult International Business School

Previous Role

- Chief Financial Officer - Al-Futtaim Real Estate

Areas of expertise

- Chief Financial Officer - Al-Futtaim Real Estate
- General Manager of Finance - Al-Futtaim Real Estate
- Financial Controller - Dubai Festival City
- Director of Corporate Support Services - TECOM Group Dubai Holding
- Business Controller - Nestlé Middle East

Ahmed Bin Saleh Alsultan

Chief Executive Officer - Alsaif Gallery

Qualification

- Master's degree in Business Administration - Brunel University, UK
- Bachelor's degree in Financial Management - Qassim University, KSA

Areas of expertise

- Operations Manager NESC - Commercial Projects Company
- Executive Vice President - NESC Commercial Projects Company
- Chief Executive Officer - Thob Al Aseel Company

Previous Role

- Chief Executive Officer - Thobe Al Aseel Company

Dr. Abdullah Bin Mohammed Mattar

Managing Partner - Al-Rasanah Law Firm

Qualification

- Higher Diploma in Leadership - Emirates Leadership Foundation, UAE
- PhD in International Trade Law - Brunel University, UK
- Master's degree in International Trade Law - University of Arizona, USA
- Bachelor's degree in Law - Cairo University, Egypt

Areas of expertise

- Member of the National Committee for Strategic Partnerships - Saudi Chambers of Commerce
- Member of the Saudi-Pakistani, Jordanian, and Palestinian Business Councils - Saudi Chambers
- Chairman of the Appeals Committee - Horse Racing Club
- Advisor to the CEO and Director of Legal Affairs - Saudi Space Commission
- Legal Advisor at the Foreign Trade Agency - Ministry of Commerce and Investment
- Senior Legal Counsel at Hammad & Al-Mehdar Law Firm in association with Simmons & Simmons
- Legal Advisor at Saudi Aramco Shell Refinery Company
- Legal Advisor at the Royal Embassy of Saudi Arabia in London, UK
- Legal Advisor at SEDCO Holding
- Lecturer at the College of Law - Al-Yamamah University and Dar Al Uloom University

Fawaz Bin Abdulaziz Alhokair*

Chairman of the Board of Directors - Fawaz Abdulaziz Al Hokair Company

Qualification

- Bachelor's degree in Economics and Accounting
- PhD in Economics and Accounting

Areas of expertise

- Supervising the management of Fawaz Abdul Aziz Al Hokair & Partners Real Estate Company
- Chairman of the Board of Directors of Arabian Centers Company

Dr. Abdulmajid Bin Abdulaziz Alhokair*

Member of the Board of Directors - Fawaz Abdulaziz Al Hokair Company

Qualification

- Bachelor's degree in Medicine and Surgery - King Saud University, KSA

Areas of expertise

- Apparel, retail and food industries

Previous Role

- Chairman of the Board of Directors - Fawaz Abdulaziz Al Hokair Co.

Abdulmajid Bin Abdullah Albasri**

Qualification

- Master's degree in Applied Financial Mathematics - University of Connecticut, USA
- Master's degree in Economics - University of Connecticut, USA
- Bachelor's degree in Finance - James Madison University, USA

Areas of expertise

- Head of Treasury - Fawaz Abdulaziz Al Hokair & Partners Group
- Portfolio Manager - Samba Capital
- Auditor - Aldar Audit Office

Previous Role

- CFO - FAS Group

* Resigned on 15 September 2025

** Resigned on 16 September 2025

Ahmed Bin Mohammed AlAlsheikh*

Chairman - Ahmed Al Sheikh Company

Qualification

- Bachelor's degree in Sociology

Areas of expertise

- Chairman - Ahmed Al Sheikh Company

Previous Role

- Founder and Chairman - Wahba Company

Mansour Bin Saad Alajlan**

Qualification

- Bachelor's degree in Science

Areas of expertise

- Executive Director - Arab Towns Company
- Executive Vice President - Saudi Lebanese Construction Company
- Executive Director - Fawaz Abdulaziz Al Hokair & Partners Company

Previous Role

- Executive Vice President - Asal Company

Ahmed Badawi Naif Shaheen*

Managing Director - Al Shaheen Metallurgical Industries Company

Qualification

- Managing Director - Arab International Appliances Company

Areas of expertise

- More than 20 years of experience in the Industrial sector

Previous Role

- Founding Partner - Nabaa Bisan Company

Names of Companies Inside or Outside the Kingdom for which a Member of the Company's Board of Directors is a Member of its Current and Previous Boards of Directors or one of its Managers

Member Name	Current Board/ Management Positions	Inside/ Outside KSA	Legal Entity	Previous Board/ Management Positions	Inside/Outside KSA	Legal Entity
Hussein Bin Ali Shobokshi	Sinad Holding Co.	Inside	Closed joint stock			
	Shobokshi Development & Trading Co.	Inside	Limited liability			
	Naeem Holding	Outside	Egyptian joint stock			
	Smart Villages Development & Management Co.	Outside	Egyptian joint stock			
	Naeem Real Estate Holding Group	Outside	Egyptian joint stock			
	Naeem Real Estate Development	Outside	Egyptian joint stock			
	Okaz Organization for Press & Publication	Inside	Media company			
Ahmed Wassim Al Arabi	Sultan Center (Kuwait)	Outside	Listed joint stock	Mabanee Company	Outside	Listed joint stock
				Shomoul Holding Company	Inside	Holding Company
Abubakr Abdulla Al Futtaim						
Tariq Bin Saad Al Twijrey	SAB First Funds	Inside	Investment funds	Al Andalus Real Estate Co.	Inside	Listed joint stock
Dr. Abdulrahman Bin Mohammed Alanqari	Saudi Finance Company	Inside	Closed joint stock			
Russell Michael Rodrigues	DC Aviation Al-Futtaim (DCAF)	Outside	Limited liability			
	Al-Futtaim Willis Towers Watson	Outside	Limited liability			
Ismail Hassan El Khatib	Emrill Services LLC	Outside	Limited liability			
	Al-Futtaim Colas LLC	Outside	Limited liability			
	Orient Takaful Insurance P.J.S.C.	Outside	Public joint stock			
	Bawabat AlShamal Real Estate Company	Outside	Limited liability			
Ahmed Bin Saleh Alsultan	Alsaif Gallery for Development and Investment	Inside	Listed joint stock			
	Arabian Oud Co.	Inside	Closed joint stock			
Dr. Abdullah Bin Mohammed Mattar						
Fawaz Bin Abdulaziz Alhokair*	FAS Saudi Holding Company	Inside	Closed joint stock	Azizia Panda United Company	Inside	Closed joint stock
	Saudi Medical Company	Inside	Closed joint stock			
	Arabian Centers Company	Inside	Listed joint stock			
	FAS Lab Holding Company	Inside	Limited liability			
	Downtown Saudi Company	Inside	Limited liability			
	Muvi Cinemas Company	Inside	Closed joint stock			
	Star Energy Company	Inside	Limited liability			
	Al Farida First Properties	Inside	Limited liability			
	Emaar Mixers	Inside	Limited liability			
Dr. Abdulmajid Bin Abdulaziz Alhokair*	FAS Saudi Holding Company	Inside	Closed joint stock	Fas Construction Company	Inside	Limited liability
	Abdul Majeed Abdul Aziz Al Hokair & Sons Holding Company	Inside	Limited liability	Fas Construction Company	Inside	Limited liability
	Saudi Medical Company	Inside	Unlisted joint stock	Abdul Majeed Abdul Aziz Al Hokair & Sons Holding Company	Inside	Limited liability
Abdulmajid Bin Abdullah Albasri**	Arabian Centers	Inside	Listed joint stock			
Ahmed Bin Mohammed AlAlsheikh*	None					
Mansour Bin Saad Alajlan**	None					
Ahmed Badawi Naif Shaheen*	Al Shaheen Metallurgical Industries Company	Inside	Closed joint stock	Riyadh National Recruitment Company	Inside	Closed joint stock

* Resigned on 15 September 2025
** Resigned on 16 September 2025

Board Meetings

The elected Board of Directors held five meetings during the year to discuss matters pertaining to the financial year ended 31 December 2025. The following table sets out the attendance record of Board members at these meetings:

Members	18 Mar 2025	30 Jun 2025	21 Sep 2025	04 Nov 2025	07 Dec 2025	Total	Attendance Rate
Hussein Bin Ali Shobokshi	Membership had not started		Attended	Attended	Attended	3	100%
Ahmed Wassim Al Arabi	Membership had not started		Attended	Attended	Attended	3	100%
Abubakr Abdulla Al Futtaim	Membership had not started		Attended	Attended	Did not attend	2	66.7%
Tariq Bin Saad AlTwijrey	Membership had not started		Attended	Attended	Attended	3	100%
Abdulrahman Bin Mohammed Alanqari	Attended	Attended	Attended	Attended	Attended	5	100%
Russell Michael Rodrigues	Membership had not started		Attended	Attended	Attended	3	100%
Ismail Hassan El Khatib	Membership had not started		Attended	Attended	Attended	3	100%
Ahmed Bin Saleh Alsultan	Attended	Attended	Attended	Attended	Attended	5	100%
Dr. Abdullah Bin Mohammed Mattar	Membership had not started	Attended	Attended	Attended	Attended	4	100%
Fawaz Bin Abdulaziz Alhokair	Attended	Attended	Membership ended			2	100%
Dr. Abdulmajid Bin Abdulaziz Alhokair	Attended	Attended	Membership ended			2	100%
Abdulmajid Bin Abdullah Albasri	Attended	Attended	Membership ended			2	100%
Ahmed Bin Mohammed AlAlsheikh	Attended	Attended	Membership ended			2	100%
Mansour Bin Saad Alajlan	Attended	Attended	Membership ended			2	100%
Ahmed Badawi Naif Shaheen	Did not attend	Attended	Membership ended			1	50%

Interests and Rights of Board Members, their Spouses and Minors

Members	Number of Shares at Beginning of Year	Ownership % at Beginning of Year	Net Change in Shares During the Year	% Change During the Year	Total Shares at End of the Year	Ownership % at End of the Year
Hussein Bin Ali Shobokshi	0	0	0	0	0	0
Ahmed Wassim Al Arabi	0	0	0	0	0	0
Abubakr Abdulla Al Futtaim	0	0	0	0	0	0
Tariq Bin Saad AlTwijrey	0	0	0	0	0	0
Dr. Abdulrahman Bin Mohammed Alanqari	13,004	0.01%	0	0	13,004	0.01%
Russell Michael Rodrigues	0	0	0	0	0	0
Ismail Hassan El Khatib	0	0	0	0	0	0
Ahmed Bin Saleh Alsultan	0	0	0	0	0	0
Dr. Abdullah Mohamed Mattar	0	0	0	0	0	0
Fawaz Bin Abdulaziz Alhokair (until resignation date of 15 September 2025)	4,354,158	3.79%	-4,167,795	95.72%	186,363	0.16%
Dr. Abdulmajid Bin Abdulaziz Alhokair (until resignation date of 15 September 2025)	6,253,160	5.45%	-6,252,614	99.985%	546	0.0005%
Abdulmajid Bin Abdullah Albasri (until resignation date of 16 September 2025)	0	0	0	0	0	0
Ahmed Bin Mohammed AlAlsheikh (until resignation date of 15 September 2025)	1,000	0.0009%	0	0	1,000	0.0009%
Mansour Bin Saad Alajlan (until resignation date of 16 September 2025)	0	0	0	0	0	0
Ahmed Badawi Naif Shaheen (until resignation date of 15 September 2025)	0	0	0	0	0	0

Other than what was included in the previous table, there is no interest, option rights or subscription rights belonging to any of the members of the Board of Directors, their spouses or their minor children in the shares or debt instruments of the Company or any of its subsidiaries.

Board of Directors' Actions to Inform its Members of Shareholders' Proposals

The Board of Directors provides all members, especially Non-Executives, with legal documents, financial reports, activity follow-up reports, future expansion studies and Board reports, as well as rules, procedures, policies and internal regulations that enable them to carry out their duties and discharge their responsibilities adequately, including being aware of the shareholders' proposals and remarks regarding the Company and its performance. Additionally, a mechanism has been created for the Investor Relations Department to deal with proposals and observations received from shareholders.

Means of the Board of Directors to Evaluate its Performance and the Performance of its Members and Committees

The Board of Directors relied on the procedures set out in the NRC charter to evaluate the annual performance of the Board members and its sub-committees through the self-evaluation forms.

Board Committees

The Company's Board of Directors has four sub-committees: the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Transformation Committee. A description of these committees is set out below.

Audit Committee

The Audit Committee was formed by a decision of the Board of Directors on 5 September 2023, consisting of three members, including a member specializing in financial and accounting affairs, and an Independent Board member.

During 2025, the Board of Directors resolved on 21 September 2025 to reconstitute the Audit Committee, increasing its membership to five members, with only one member change.

Audit Committee Members from 1 January 2025 to 20 September 2025

Members	Membership Category
Dr. Abdulrahman Bin Mohammed Alanqari	Committee Chairman (Independent)
Ahmed Bin Saleh Alsultan	Committee Member (Non-Executive)
Zaki Abdullah Alawami	Committee Member (From outside the Board)

Audit Committee Members from 21 September 2025 to 31 December 2025

Members	Membership Category
Tariq Bin Saad AlTwijrey	Committee Chairman (Independent)
Dr. Abdulrahman Bin Mohammed Alanqari	Committee Member (Independent)
Russell Michael Rodrigues	Committee Member (Non-Executive)
Ismail Hassan El Khatib	Committee Member (Non-Executive)
Ahmed Bin Saleh Alsultan	Committee Member (Non-Executive)

Experience of Audit Committee Members

Name	Nationality	Qualification	Areas of Expertise	Current Role	Previous Role
Mr. Tariq Saad AlTwijrey	Previously introduced in the Board of Directors section				
Dr. Abdulrahman Bin Mohammed Alanqari	Previously introduced in the Board of Directors section				
Mr. Russell Michael Rodrigues	Previously introduced in the Board of Directors section				
Mr. Ismail Hassan El Khatib	Previously introduced in the Board of Directors section				
Mr. Ahmed Bin Saleh Alsultan	Previously introduced in the Board of Directors section				
Mr. Zaki Bin Abdullah Alawami	Saudi	Bachelor's degree in Business Administration	• Investment Analyst at Global Investment House • Financial Analyst at SABIC	Head of Asset Management at Alinma Investment Company	Asset Management Manager at Alinma Investment Company

Schedule of Meetings for Audit Committee Members

A total of eleven (11) Audit Committee meetings were held during the period from January 1, 2025 through December 31, 2025, as follows:

Member	02/02/2025	16/03/2025	23/03/2025	23/03/2025	25/03/2025	07/05/2025	04/08/2025	27/08/2025	28/10/2025	03/11/2025	09/12/2025	Total	%
Mr. Tariq Saad AlTwijrey					Not yet				✓	✓	✓	3	100%
Dr. Abdulrahman Bin Mohammed Alanqari	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	100%
Mr. Russell Michael Rodrigues					Not yet				✓	✓	✓	3	100%
Mr. Ismail Hassan El Khatib					Not yet				✓	✓	✓	3	100%
Mr. Ahmed Bin Saleh Alsultan	✓	✓	✓	✓	Absent	✓	✓	✓	✓	✓	✓	10	91%
Zaki Bin Abdullah Alawami	✓	✓	✓	✓	✓	✓	✓	✓		Ended		8	100%

Duties and Responsibilities of the Audit Committee

1. Overseeing the Internal Audit Department to ascertain its effectiveness in carrying out the tasks and functions set forth in the accounting policies approved by the Board of Directors and the relevant authorities.
2. Reviewing internal audit reports and monitoring the implementation of corrective actions in response to the observations contained therein.
3. Recommending to the General Assembly the appointment, dismissal, and fee determination of the external auditor, ensuring the auditor's independence, and following up on their work, including reviewing and approving the audit plan in conjunction with the external auditor.
4. Reviewing the external auditor's observations on the Company's financial statements and following up on actions taken in that regard, as well as reviewing the quarterly and annual financial statements before their presentation to the Board of Directors and providing opinions and recommendations thereon.

5. Full responsibility for the accuracy of financial data rests with executive management; the Audit Committee's responsibility is limited to providing an independent opinion based on the information presented to it by the Company's management, the Internal Audit Department, and the external auditor.
6. Assessing the effectiveness of the Company's evaluation of material risks and the measures taken by management to monitor and address such risks, and providing opinions and recommendations to the Board of Directors in that regard.
7. Issuing an annual report to the General Assembly detailing the Committee's performance in relation to its competencies and duties as stipulated in the Companies Law and its implementing regulations, provided that the report includes the Committee's recommendations and its opinion on the adequacy of the Company's internal control, financial control, and risk management systems.

Completed Work of the Committee

1. Recommending to the Board and the General Assembly the appointment of BDO as the external auditor to audit the Company's financial statements for the fiscal year ended December 2025.
2. Reviewing the Company's annual and quarterly financial statements and submitting recommendations to the Board of Directors for their approval in line with the external auditor's recommendation.
3. Directing executive management to take the necessary measures to address all observations contained in the Deloitte report entitled "Forensic Investigation into Inditex Inventory Shortage" covering the period from March to December 2022.
4. Reviewing and approving amendments to the Company's Articles of Association related to the Audit Committee prior to the adoption of the Articles of Association at the General Assembly.
5. Reviewing the Company's Delegation of Authority matrix prior to its approval by the Board of Directors. And Reviewing the Company's Bank Signatory Policy prior its approval by the Board of Directors.
6. Directing the Company's management to ensure full compliance with the Board of Directors' directives and the Company's policies regarding physical inventory counts and related transactions.
7. Reviewing and approving related-party transactions prior to their approval by the Board of Directors.
8. Holding multiple meetings with the Company's management, the external auditor, and the internal auditor to confirm that the Company's management has provided them with all required data and information necessary for the performance of their work.

The Committee also made the following recommendations during those meetings:

- Establishing a Governance and Compliance Committee to verify the Company's compliance with applicable laws and regulations.
- Establishing a Risk Committee to oversee the Company's business risks and provide guidance on their management.
- Developing and enhancing internal controls, risk management, and governance procedures across all of the Company's activities, with a focus on implementing the Company's strategy centered on improving the performance of strategic brands, divesting or closing loss-making brands, and reducing operating costs in accordance with the plan approved by the Board of Directors, as well as enhancing inventory control procedures with the aim of improving the Company's financial position and achieving its objectives while safeguarding shareholders' rights.
- Enhancing the performance of international subsidiaries that present growth opportunities and disbursing accrued bonuses to the workforce in those companies to incentivize improved performance with the goal of increasing their profitability and sustaining a higher level of operational performance.

9. Reviewing and approving the annual plan, annual evaluation, salary increases, and bonuses for the Internal Audit Department.
10. Reviewing and approving the Internal Audit charter, manual, and protocols.
11. Reviewing internal audit reports and monitoring the implementation of the observations and recommendations contained therein.

Internal Audit Department

The Internal Audit Department, in conjunction with Crowe, carries out internal audit functions across the Company's various departments. In the course of delivering internal audit services, the Department adheres to the following:

1. Audits are conducted in accordance with the professional standards established by the Institute of Internal Auditors (IIA).
2. Maintaining independence, objectivity, and the highest degree of fairness and integrity, in compliance with the Code of Professional Conduct established by the Institute of Internal Auditors.
3. Maintaining positive relationships with fellow auditors, characterized by open communication, mutual trust, respect, and professionalism, while sustaining a high level of performance and effective time management.
4. Encouraging teamwork and innovation; pursuing continuous professional development through the attainment of professional certifications and educational objectives in the professional field; and conducting comprehensive audit reviews to provide a reasonable level of assurance.
5. Advancing the professional development of the Department in proportion to the Company's scale of operations and commitment to localizing the requisite expertise.

Scope of Work of the Internal Audit Department

1. Preparing the annual internal audit plan based on the risks identified during the risk assessment and validated by management, and prioritizing limited resources. The audit plan is organized on a three-year cycle, with each year comprising a combination of risk-based internal audit engagements, compliance support, advisory services, and ongoing monitoring and follow-up.
2. Assisting management in achieving its goals and objectives by contributing to a positive impact on the efficiency and effectiveness of operations.
3. Maintaining a continued commitment to professionalism, competence, and a constructive approach.
4. Continuing to leverage evolving audit methodologies and technologies to enhance the effectiveness and efficiency of the audit process.
5. Striving to be among the leading practitioners of the internal audit profession in the Kingdom of Saudi Arabia.
6. Developing and executing a risk-based sampling and testing methodology to determine whether the most critical management controls are well-designed and operating as intended.

Audit Committee Oversight

1. The Audit Committee periodically oversees the work of the Internal Audit Department and reviews its reports on a regular basis. To ensure the independence of the Internal Audit function, the Head of the Internal Audit Department reports both technically and professionally, as well as administratively, to the Audit Committee, with no interference from any of the Company's managers in the internal affairs of the Internal Audit function. The Internal Audit Department does not assume any direct operational responsibility in any of the areas or activities subject to audit. The Head of the Internal Audit Department is required to confirm annually to the Audit Committee the independence of the Internal Audit Department.
2. The Internal Audit Department provides a quarterly summary report to the Audit Committee on internal control weaknesses, scope limitations, good practices, and areas for improvement, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, thereby reinforcing the existing internal control framework.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed by a decision of the Board of Directors on 5 September 2023, consisting of three members.

During 2025, the Board of Directors resolved on 21 September 2025 to reconstitute the Nomination and Remuneration Committee, increasing its membership to five members and appointing new members to the Committee.

Nomination and Remuneration Committee Members from 1 January 2025 to 20 September 2025

Members	Membership Category
Mansour Bin Saad Alajlan	Committee Chairman (Independent)
Abdulmajid Bin Abdullah Albasri	Committee Member (Non-Executive)
Ahmed Bin Mohammed AlAlsheikh	Committee Member (Independent)

Nomination and Remuneration Committee Members from 21 September 2025 to 31 December 2025

Members	Membership Category
Tariq Bin Saad AlTwijrey	Committee Chairman (Independent)
Ahmed Wassim Al Arabi	Committee Member (Non-Executive)
Russell Michael Rodrigues	Committee Member (Non-Executive)
Hisham Tareef Ikhwan	Committee Member (From outside the Board)
Huda Malik Alghamdi	Committee Member (From outside the Board)

Experience of Remuneration Committee Members

Name	Nationality	Qualification	Areas of Expertise	Current Position	Previous Role
Mr. Tariq Saad AlTwijrey	Previously introduced in the Board of Directors section				
Mr. Ahmed Wassim Al Arabi	Previously introduced in the Board of Directors section				
Mr. Russell Michael Rodrigues	Previously introduced in the Board of Directors section				
Mr. Mansour Bin Saad Alajlan	Previously introduced in the Board of Directors section				
Mr. Abdulmajid Bin Abdullah Albasri	Previously introduced in the Board of Directors section				
Mr. Ahmed Bin Mohammed AlAlsheikh	Previously introduced in the Board of Directors section				
Mr. Hisham Tareef Ikhwan	Syrian	• MBA – Manchester Business School, UK • BSc in Industrial Engineering – Georgia Institute of Technology, USA	Over 13 years of experience in human resources across 12 diverse markets spanning the Middle East and North Africa	HR Director – Al-Futtaim Retail	Talent Management Director – Al-Futtaim Group
Ms. Huda Malik Alghamdi	Saudi	Bachelors of Law- LLB Dar Al-Hekma University, KSA	Corporate governance; corporate and commercial law; regulatory compliance and risk management; commercial contracts and complex transactions; franchising and intellectual property; cross-sector experience across retail, automotive, contracting, logistics, and healthcare sectors; Advisory Board Member at Dar Al-Hekma University.	Legal Director – Cenomi Retail	Legal Counsel- AlFuttaim

Duties and Responsibilities of the Nomination and Remuneration Committee

The primary task of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be members of the Board of Directors who meet the necessary requirements for membership, as well as to assist the Board of Directors in establishing a sound system and building the necessary policies and procedures in this regard.

The following highlights the ordinary activities carried out by the Committee to discharge its responsibilities. It is a rule of thumb that in addition to such activities, the Committee may assume further roles and approve other policies and procedures that address the commercial, legislative, regulatory and legal changes. Furthermore, the Committee may shoulder other responsibilities related to the Committee's purposes as they may be, from time to time, assigned by the Board of Directors:

1. Propose and periodically review clear policies and criteria for membership of the Board of Directors and executive management.
2. Recommend to the Board nominees for Board membership in accordance with the approved policies and criteria.

3. Review the structure of the Board of Directors and its committees and provide recommendations regarding any appropriate changes.
4. Annually verify the independence of the independent Board members.
5. Review and recommend to the Board the remuneration policy for Board members, Board committees, and executive management.
6. Recommend to the Board the remuneration of Board members, committee members, and executive management in accordance with the approved remuneration policy.
7. Review succession planning for senior executives and support the Board in ensuring the availability of qualified leadership for the Company.

Throughout the year, the Committee held seven meetings. The following table sets out the attendance record:

Members	21 Jan 2025	04 Feb 2025	23 Mar 2025	11 May 2025	18 May 2025	14 Jul 2025	04 Nov 2025	Total Attendance	Attendance Rate
Tariq Bin Saad AlTwijrey	Membership had not started						Attended	1	100%
Ahmed Wassim Al Arabi	Membership had not started						Attended	1	100%
Russell Michael Rodrigues	Membership had not started						Attended	1	100%
Hisham Tareef Ikhwan	Membership had not started						Attended	1	100%
Huda Malik Alghamdi	Membership had not started						Attended	1	100%
Mansour Bin Saad Alajlan	Attended	Attended	Attended	Attended	Attended	Attended	Membership ended	6	100%
Ahmed Bin Mohammed AlAlsheikh	Attended	Attended	Attended	Attended	Attended	Attended	Membership ended	6	100%
Abdulmajid Bin Abdullah Albasri	Attended	Attended	Attended	Attended	Attended	Did not attend	Membership ended	5	83.33%

Executive Committee

At its meeting on 30 December 2024, the Board of Directors resolved to reconstitute the Executive Committee. During 2025, the Board of Directors resolved on 21 September 2025 to reconstitute the Executive Committee, increasing its membership to five members and appointing new members to the Committee.

Executive Committee Members from 1 January 2025 to 20 September 2025

Members	Membership Category
Ahmed Bin Saleh Alsultan	Committee Chairman (Non-Executive)
Dr. Abdulmajid Bin Abdulaziz Alhokair	Committee Member (Non-Executive)
Abdulmajid Bin Abdullah Albasri	Committee Member (Non-Executive)

Executive Committee Members from 21 September 2025 to 31 December 2025

Members	Membership Category
Ahmed Wassim Al Arabi	Committee Chairman (Non-Executive)
Russell Michael Rodrigues	Committee Member (Non-Executive)
Ismail Hassan El Khatib	Committee Member (Non-Executive)
Faisal Abdullah Aljedaie	Committee Member (From outside the Board)
Simon Naga Shokri	Committee Member (From outside the Board)

Experience of Executive Committee Members

Name	Nationality	Qualification	Areas of Expertise	Current Position	Previous Position
Mr. Ahmed Wassim Al Arabi	Previously introduced in the Board of Directors section				
Mr. Russell Michael Rodrigues	Previously introduced in the Board of Directors section				
Mr. Ismail Hassan El Khatib	Previously introduced in the Board of Directors section				
Mr. Ahmed Bin Saleh Alsultan	Previously introduced in the Board of Directors section				
Dr. Abdulmajid Bin Abdulaziz Alhokair	Previously introduced in the Board of Directors section				
Mr. Abdulmajid Bin Abdullah Albasri	Previously introduced in the Board of Directors section				
Mr. Faisal Abdullah Al Jedaie	Saudi	Bachelor's degree in Business Administration	Chairman of the Board – Thobe Al Aseel Company	Over 30 years of experience in the retail sector, and holds board memberships in several companies across various sectors	CEO – Arabian Centers Company (Cenomi Centers)
Mr. Simon Naga Shokri	Egyptian	Bachelor's degree in International Business Administration and Commerce	VP for Asia (Inditex Fashion, Watsons, and 2XU) in MENA at Al-Futtaim Group	VP for Asia (Inditex Fashion, Watsons, and 2XU) in MENA at Al-Futtaim Group	• Commercial Operations at Azadea Group • Retail Operations and Brand Management at Dubai Holding Group

Functions of the Executive Committee

The Committee's scope of work encompasses all activities necessary to achieve its objectives, including:

1. Reviewing and granting preliminary approval of business plans prior to their submission to the Board of Directors for adoption.
2. Overseeing the implementation of the Company's strategic, operational, and financial plans and monitoring executive management's performance in achieving the approved objectives.
3. Approving business expansion, entry into or termination of partnerships or joint ventures, including the establishment or liquidation of subsidiaries.
4. Approving capital expenditures, financial commitments, and major contracts within the limits of authority delegated by the Board of Directors.
5. Overseeing franchise operations, store operations, and supply chain activities, including the opening or closing of stores and the approval of franchise agreements.
6. Reviewing and approving the organizational structure, workforce plans, and compensation and benefits policies prior to their submission to the relevant authorities in accordance with the approved Delegation of Authority matrix.
7. Overseeing investment policies, asset management, and investment agreements in alignment with the Company's strategic objectives.
8. Approving material agreements within the applicable regulatory frameworks and the approved Delegation of Authority matrix.
9. Reviewing matters referred to it by the Board of Directors or the Chairman of the Board and submitting appropriate recommendations thereon.

The Executive Committee held two meetings during the year. The attendance record of Committee members at those meetings was as follows:

Members	14 Oct 2025	24 Nov 2025	Total Attendance	Attendance Rate
Ahmed Wassim Al Arabi	Attended	Attended	2	100%
Russell Michael Rodrigues	Attended	Attended	2	100%
Ismail Hassan El Khatib	Attended	Attended	2	100%
Faisal Abdullah Aljedaie	Attended	Attended	2	100%
Simon Naga Shokri	Attended	Attended	2	100%

Transformation Committee

On 21 September 2025, the Board of Directors resolved to form a new Board sub-committee under the name "Transformation Committee" to oversee the restructuring process and to guide and support the retail business transformation across all core functions. The Committee's principal mandate is to support the Board of Directors in ensuring the repositioning of the business for sustainable growth, long-term efficiency and competitiveness.

Transformation Committee Members from 21 September 2025 to 31 December 2025

Members	Membership Category
Ahmed Wassim Al Arabi***	Committee Chairman (Non-Executive)
Hisham Tareef Ikhwan	Committee Member (From outside the Board)
Simon Naga Shokri	Committee Member (From outside the Board)
Sachin Wadhwa	Committee Member (From outside the Board)
Himanshu Shrivastava	Committee Member (From outside the Board)

Experience of Transformation Committee Members

Name	Nationality	Qualification	Areas of Expertise	Current Position	Previous Position
Mr. Ahmed Wassim Al Arabi	Previously introduced in the Board of Directors section				
Mr. Hisham Tareef Ikhwan	Previously introduced in the Nomination and Remuneration Committee section				
Mr. Simon Naga Shokri	Previously introduced in the Executive Committee section				
Mr. Sachin Wadhwa	Indian	• Bachelor of Commerce • MBA • CPA • CMA	Over 30 years of experience in commercial operations management	Chief Financial Officer – Retail Division at Al-Futtaim Group	Managing Director – Al-Futtaim Electronics and Al-Futtaim Watches and Jewellery LLC
Mr. Himanshu Shrivastava	Indian	• Bachelor's degree in Computer Science • MBA in Information Technology & Marketing	Over 25 years of experience in Technology & Digital Transformation	Chief Technology Officer – Alfuttaim Group	Head of Digital Technology – Citibank Asia Pacific

Duties and Responsibilities of the Transformation Committee

The Transformation Committee's mandate encompasses the leadership, oversight and execution of a holistic transformation agenda spanning performance, operations, human capital, real estate, customer experience, technology integration, efficiency enhancement and fostering a culture of innovation to ensure the success of the transformation process. The Committee shall work closely with the Board of Directors, other Board sub-committees and the executive management, and shall submit recommendations on the necessary actions to ensure alignment of objectives, clarity of the transformation agenda and successful execution of the transformation plans. The following is a summary of the activities carried out by the Committee to discharge its responsibilities:

1. Defining, monitoring, and enhancing the overall transformation strategy across all retail segments and markets.
2. Ensuring alignment of transformation initiatives with the Company's long-term vision, shareholder expectations, and market dynamics.
3. Recommending corrective actions and resource reallocation where performance deviates from the transformation plan.
4. Overseeing the modernization and optimization of retail operating processes, including store productivity, procurement, inventory management, logistics, and supply chain.
5. Overseeing initiatives to strengthen customer loyalty, enhance brand equity, and ensure omni-channel excellence.
6. Monitoring human resources initiatives, including capability building, leadership succession, workforce productivity, and upskilling programs, in line with the transformation objectives, without prejudice to the responsibilities of the Nomination and Remuneration Committee.
7. Overseeing the real estate strategy, including store openings, closures, relocations, and lease negotiations.
8. Recommending decisions regarding underperforming assets and strategic capital allocation.
9. Overseeing the development and integration of digital capabilities, including front-end applications, core technology platforms, data and intelligence platforms, enterprise architecture, network and cloud infrastructure, and information security.
10. Reviewing existing legal entities and recommending the optimal corporate structure.

The Transformation Committee held two meetings during the year. The attendance record of Committee members at those meetings was as follows:

Members	13 Oct 2025	24 Nov 2025	Total Attendance	Attendance Rate
Ahmed Wassim Al Arabi	Attended	Attended	2	100%
Hisham Tareef Ikhwan	Attended	Attended	2	100%
Simon Naga Shokri	Attended	Attended	2	100%
Sachin Wadhwa	Attended	Attended	2	100%
Himanshu Shrivastava	Attended	Attended	2	100%

Experience and qualifications of senior executives

Name	Current Role	Qualification	Areas of Expertise	Previous Role
Salim Fakhouri	Chief Executive Officer	• MBA – IE Business School, Spain • Diploma in Accounting and Auditing – National College of Education and Arts, Lebanon • Executive Management Program, specializing in Business Administration	Over 20 years of experience in the fashion and finance sectors across the Middle East and North Africa	President of the Fashion Division – Azadea Group Holding
Ahmed AbdelKareem	Chief Financial Officer (effective May 1, 2025)	Bachelor's degree in Finance and Accounting – Hashemite University, Jordan. Currently enrolled in London Business School for Executive MBA. Completed advanced coursework in financial management and strategic planning	Over 15 years of experience in financial management, accounting, corporate finance and treasury, across the fashion and F&B sectors within the Cenomi Group Currently enrolled in London Business School for Executive MBA	Chief Financial Officer – Al Areen Holding Company
Mohamed Abbas	Chief Operating Officer	Executive MBA – ESCP Business School, Paris	Over 25 years of experience in the fashion retail sector, and in operations management and optimization	Operations Director – Azadea Group
Elie Aramouni	Chief Transformation Officer	• MBA – HEC Paris • Chartered Financial Analyst (CFA)	Over 17 years of experience in leading strategies, planning and transformation	Principal– Kearney Strategy Consulting (Middle East)
Ahmed AlTheabi	Chief Human Capital Officer	• Bachelor's degree in Business Adminstration - King Abdulaziz University, KSA • Diploma in Accounting - Riyadh Technical College of Accounting	Over 20 years of experience in human resource and aligning human capital strategies with business objectives to drive growth and organizational excellence	Human Capital Director – Saco

Remunerations and Compensation

Remuneration Policy

The Remuneration Policy for the Board of Directors, its Committees, and the Executive Management is prepared by the Nomination and Remuneration Committee (NRC) in accordance with the Company Law, the Capital Market Authority (CMA) Law, their Implementing Regulations, and prevailing best practices. The policy is reviewed and updated at the Committee's discretion or upon changes to relevant regulatory requirements.

Remuneration Controls and Criteria

In light of the provisions governing the remuneration of Board members, Board sub-committees, and Senior Executives as stipulated in the General Assembly-approved policy, the following criteria are considered when determining remuneration:

- Fairness and Proportionality: Remuneration shall be fair and proportionate to the member's competencies, duties, and responsibilities, as well as the specific objectives set by the Board to be achieved during the fiscal year.
- NRC Recommendation: Remuneration is based on the recommendations of the NRC.
- Board Approval: The Board of Directors must approve the remuneration for Board members, Committee members, and Senior Executives.
- Activity and Skill: Remuneration must be consistent with the Company's activities and the level of skill required for its management.
- Sector and Scale: Consideration is given to the sector in which the Company operates, its size, and the expertise of the Board members.
- Attraction and Retention: Remuneration should be reasonably sufficient to attract, motivate, and retain Board members with appropriate expertise and competence.
- Additional Services: A Board member may receive remuneration for any additional executive, technical, administrative, or advisory roles performed under a professional license in addition to the remuneration received as a member of the Board and its committees.
- Differentiation: Board remuneration may vary in amount to reflect a member's experience, specialization, assigned duties, independence, meeting attendance, or other relevant considerations.

Remuneration of Board Members

In accordance with Article 6 of the Remuneration Policy for Board Members, Committees, and Executive Management, the remuneration for a Board member consists of a fixed amount of ⃁ 200,000. Additionally, members receive an attendance allowance of ⃁ 15,000 for each meeting attended in person. If a meeting is held remotely through modern visual, audio, or any other electronic means approved by the Board, an attendance allowance of ⃁ 15,000 is paid for each meeting.

A total of ⃁ 2,257,906.46 was paid to athe member of the Board of Directors Mr. Ahmed Saleh AlSultan during the financial year ended 31 December 2025, for administrative services based on an agreement between the Company and the member. This agreement was subsequently terminated and all related dues were fully settled in accordance with the Nomination and Remuneration Committee's resolution dated 04 November 2025.

The table below sets out the remunerations of the Board members approved by the General Assembly and paid during the financial year ended 31 December 2025, which are considered due for the financial year ended 31 December 2024.

	Fixed Remunerations							Variable Remunerations								
	Specific Amount	Allowance for attending Board meetings	Total allowance for attending committee meeting committee	In-kind Benefits	Remunerations for Technical, managerial and consultative work	Remunerations of the Chairman, Managing Director, or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive Plans	Long-term incentive Plans	Granted Shares (insert the value)	Total	End-of-service award	Aggregate Amount	Expenses allowance
First: Independent Members																
Dr. Abdulrahman Bin Mohammed Alanqari	200,000	60,000	90,000	-	-	-	350,000	-	-	-	-	-	-	-	350,000	-
Bander Bin Sulaiman Alghofais*	83,000	15,000	5,000	-	-	-	103,000	-	-	-	-	-	-	-	103,000	-
Mansour Bin Saad Alajlan	200,000	60,000	30,000	-	-	-	290,000	-	-	-	-	-	-	-	290,000	-
Ahmed Bin Mohammed AlAlsheikh	200,000	60,000	5,000	-	-	-	265,000	-	-	-	-	-	-	-	265,000	-
Ahmed Badawi Shaheen	0	0	0	-	-	-	0	-	-	-	-	-	-	-	-	-
Total	**683,000**	**195,000**	**130,000**	**-**	**-**	**-**	**1,008,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,008,000**	**-**
Second: Non-Executive Members																
Fawaz Bin Abdulaziz Alhokair	200,000	45,000	0	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Dr. Abdulmajid Bin Abdulaziz Alhokair	200,000	60,000	5,000	-	-	-	265,000	-	-	-	-	-	-	-	265,000	-
Abdulmajid Bin Abdullah Albasri	200,000	60,000	65,000	-	-	-	325,000	-	-	-	-	-	-	-	325,000	-
Ahmed Saleh Alsultan	200,000	60,000	90,000	-	1,500,120	-	1,850,120	-	-	-	-	-	-	757,786.46	2,607,906.46	-
Total	**800,000**	**225,000**	**160,000**	**-**	**1,500,120**	**-**	**2,685,120**	**-**	**-**	**-**	**-**	**-**	**-**	**757,786.46**	**3,442,906.46**	

*Former Board member in 2024; not a member during 2025

Remuneration of Committee Members

1. In accordance with Article 7 of the Remuneration Policy for Board Members, Committees, and Executive Management, Audit Committee members receive a fixed amount of ⃁ 100,000. They are also entitled to an attendance allowance of ⃁ 10,000 per meeting, capped at 10 meetings per year.
2. For other committees, members receive a fixed amount of ⃁ 75,000, plus an attendance allowance of ⃁ 5,000 per meeting, capped at 10 meetings per year. The total remuneration for these members shall not be less than ⃁ 75,000, calculated from the date of the Board's approval of their appointment. This allowance also applies to meetings held remotely through modern electronic means.

The table below sets out the remunerations of the Board sub-committee members approved by the Board of Directors and paid during the financial year ended 31 December 2025, which are considered due for the financial year ended 31 December 2024.

	Fixed Remunerations (excl. session attendance allowance)	Session Attendance Allowance	Total
Audit Committee Members			
Dr. Abdulrahman Bin Mohammed Alanqari	100,000	90,000	190,000
Ahmed Bin Saleh Alsultan**	100,000	90,000	190,000
Zaki Abdullah Alawami	100,000	90,000	190,000
Total	**300,000**	**270,000**	**570,000**
Nomination and Remuneration Committee Members			
Abdulmajid Bin Abdullah Albasri	75,000	30,000	105,000
Bander Sulaiman Alghofais	25,000	5,000	30,000
Mansour Bin Saad Alajlan	75,000	30,000	105,000
Ahmed Bin Mohammed AlAlsheikh	50,000	5,000	55,000
Total	**225,000**	**70,000**	**295,000**
Executive Committee Members			
Dr. Abdulmajid Bin Abdulaziz Alhokair	75,000	5,000	80,000
Abdulmajid Bin Abdullah Albasri	75,000	35,000	110,000
Mohammed Rafiq Mourad	0	0	0
Wassim Kabara	0	0	0
Total	**150,000**	**40,000**	**190,000**

Waiving of Rights to Salaries, Compensation, or Dividends

The Company has not received any waivers from any shareholder, Board member, or Senior Executive regarding any of their rights to dividends, salaries, or compensation.

Salaries, Remunerations and Compensation of Senior Executives

The five senior executives, including the Chief Financial Officer and the Chief Executive Officer, who are not members of the Board of Directors, received salaries, remunerations and compensation during their tenure in their current positions during the financial year ended 31 December 2025. The following table sets out the details of these amounts:

	Fixed Remunerations				Variable Remunerations							
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short-term Incentive Plans	Granted Shares (enter value)	Total	End of Service Award	Board Committee Remunerations (if any)	Grand Total
CEO	3,635,650	1,250,750	-	4,886,400	3,000,000	-	-	-	3,000,000	-	-	7,886,400
Project Head*	2,051,000	662,811.68	-	2,713,811.68	3,083,333.33	-	-	-	3,083,333.33	2,240,876.37	-	8,038,021.38
CFO	1,362,964	481,008.60	-	1,843,972.60	333,733	-	-	-	333,733	-	-	2,177,705.60
COO	1,228,275.76	649,550.44	-	1,877,826.20	294,028	-	-	-	294,028	-	-	2,171,854.20
Executive Director (Electronics)	1,080,000	533,499.96	-	1,613,499.96	247,557	-	-	-	247,557	-	-	1,861,056.96
Total	**9,357,889.76**	**3,577,620.68**	**-**	**12,935,510.44**	**6,958,651.33**	**-**	**-**	**-**	**6,958,651.33**	**2,240,876.37**	**-**	**22,135,038.14**

*Former CFO

Relationship Between Remunerations Granted and the Applicable Remuneration Policy

Remunerations of the Board members, sub-committee members and senior executives are paid in accordance with the regulatory controls approved by the Board of Directors, the provisions of the Company's Bylaws as approved by the General Assembly, and the Remuneration Policy approved by the General Assembly, based on the recommendation of the Nomination and Remuneration Committee. Accordingly, there is no deviation between the remunerations granted to the Board members and the executive management and the applicable Remuneration Policy.

Contracts in which there are Interests of Board Members and Senior Executives

Contracts and Transactions with Related Parties

In the course of its business, the Company engages in transactions with related parties. These transactions are conducted on the same terms as those applied to transactions with other parties, and in accordance with the controls set out in the relevant laws, policies and procedures. The following is a statement of the business or contracts to which the Company is a party and in which a member of the Board of Directors or a senior executive, or any person related to any of them, has or had an interest, or any transactions between the Company and other related parties.

Statement of Business and Contracts to which the Company is a Party and in which a Board Member, Senior Executive or a Person Related to any of them has or had an Interest

#	Related Party	Related Board Member	Nature of Contract	Terms and Conditions	Duration	Transaction Amount During 2025
1	Egyptian Centers for Real Estate Development	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Store leases	No preferential terms	Renewed annually	**655,801**
2	FAS Saudi Holding Company*	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Expenses paid on behalf of the Company	No preferential terms	One time	**12,283,215**
3	Food and Entertainment Company*	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Payments made on behalf of the Group	No preferential terms	Purchase orders	**14,633,099**
4	Arabian Centers Company*	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Store leases	No preferential terms	1 to 10 years	**183,234,956**
5	Da'm Human Resources Company*	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Human resources staffing services	No preferential terms	Annual	**14,681,644**
6	Hagen Limited*	Fawaz Bin Abdulaziz Alhokair* / Abdulmajid Bin Abdulaziz Alhokair*	Printing and advertising services	No preferential terms	Purchase orders	**92,372**
7	Saudi Retail Academy (non-profit company)	Ahmed Bin Saleh Alsultan	Training services	No preferential terms	Renewed annually	**3,820,142**
8	Saudi Retail Academy (non-profit company)	Ahmed Bin Saleh Alsultan	HRDF	No preferential terms	Actual	**5,723,050**
9	Al-Futtaim Private Company LLC	Ahmed Wassim Al Arabi / Abubakr Abdulla Al Futtaim / Ismail Hassan El Khatib / Russell Michael Rodrigues	Shareholder loan	No preferential terms	Five years	**1,350,000,000**
10	Al-Futtaim Private Company LLC	Ahmed Wassim Al Arabi / Abubakr Abdulla Al Futtaim / Ismail Hassan El Khatib / Russell Michael Rodrigues	Accrued interest on shareholder loan	No preferential terms	Five years	**28,467,561**
11	Al-Futtaim Private Company LLC	Ahmed Wassim Al Arabi/ Abubakr Abdulla Al Futtaim/ Ismail Hassan El Khatib / Russell Michael Rodrigues	Guarantee fees from Al-Futtaim Private Company for the Company's loan from Emirates NBD Bank amounting to ⃁ 1,577,167,294.93	No preferential terms	Three years with a two-year extension option	**16,893,333**
12	Orient Insurance Company	Ahmed Wassim Al Arabi / Abubakr Abdulla Al Futtaim / Ismail Hassan El Khatib / Russell Michael Rodrigues	Directors and officers insurance	No preferential terms	One year	**740,060**

*(until 14 September 2025)

Description of Transactions Between the Company and Other Related Parties

Related Party	Nature of Relationship	Transaction Type / Nature of Contract	Contract Duration	Transaction Amount During 2025
Wonderful Meals Company	Affiliate	Product purchases	Annual	**24,625,735**
		Reversal of dividend	One time	**10,097,646**
Metropol Group	Affiliate	Accrued Interest	2 Year	**1,172,165**

It should be noted that all these transactions were carried out considering competitive and fair prices. The balances due to the related companies as on 31 December 2025 was as follows (the figures are rounded):

Company Name	Balance Type	Balance as at 31 December 2025 (⃁'000s)	Balance as at 31 December 2024 (⃁'000s)
Saudi Retail Academy	Debit/(Credit)	138	706
Wonderful Meals Co. ltd.	Debit/(Credit)	5,070	-9,715
Metropol Group - Uzbekistan	Debit/(Credit)	-9,104	-7,932
Al-Futtaim Private Company LLC	Debit/(Credit)	-1,378,477	-

Zakat and Income Tax

Tax position of foreign subsidiaries

Income tax returns for the subsidiaries in Jordan, Egypt, Kazakhstan, Georgia, Azerbaijan, Armenia and Uzbekistan have been filed for all years up to 31 December 2025.

At the end of the fiscal year ending on 31 December 2025, no Zakat provision was required due to a negative Zakat base. The Company formed a provision of ⃁ 51.11 million to meet the Zakat and income tax liabilities until the end of the fiscal year ended on 31 December 2025. The details of the transactions relating to the provision for Sharia Zakat and income tax during the fiscal year ended on 31 December 2025 are as follows:

Movement of Provision for Zakat and Income Tax	Legal Zakat	Income Tax	Custom	Total Zakat and Income Tax
Allocated balance on 01 January 2025	69,635	-95	29,689	99,229
Allocated for the fiscal period ending on 31 December 2025	--	46,068	--	46,068
Paid during the fiscal period ending 31 December 2025	-73,635	-39,298	-30,733	-143,666
Changes in estimates of zakat and taxes related to prior years	4,000	-	1,044	5,044
Other liabilities				-
Provision balance on 31 December 2025	-	6,675	-	6,675

Based on the Company's management estimates, the provision for Sharia Zakat and income tax is sufficient for the fiscal period ending on 31 December 2025.

Investments and Reserves Created for the Benefit of Employees

There are no investments or reserves created for the benefit of employees, except for those prescribed by the labor system in the Kingdom of Saudi Arabia.

Acknowledgments of the Board of Directors

- That the account records are properly prepared.
- The internal controls were prepared on sound foundations and implemented effectively.
- There is no doubt about the issuer's ability to continue its activity.
- There were no recommendations from the Audit Committee that conflicted with the decisions of the Board of Directors, nor any recommendations that the Board declined to adopt regarding the appointment of the Company's external auditor, their dismissal, the determination of their fees, the evaluation of their performance, or the appointment of the internal auditor.

Penalties and Fines

The Capital Market Authority (CMA) announces the issuance of a CMA Board resolution to impose a fine of ⃁ 20,000 (twenty thousand) on the Company for its failure to publish its annual financial statements for the fiscal year ended on 31 December 2024 on the Saudi Exchange (Tadawul) website within the statutory deadline..

Auditor's Report

Material uncertainty related to going concern

We draw attention to Note (3-2) of the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of ⃁ 497 million for the year ended 31 December 2025, and as of that date it recorded accumulated losses of ⃁ 2,113 million. In addition, the Group's current liabilities exceeded its current assets by ⃁ 1,545 million as of 31 December 2025, and as of that date total liabilities exceeded total assets by ⃁ 1,466 million. These events or conditions, along with other matters as set forth in details in Note (3-2) of the accompanying 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 opinion is not modified in respect of this matter.

Opinion

We have audited the consolidated financial statements of AFG International Company (the "Company") and its subsidiaries (together "the Group") (Previously Fawaz Abdulaziz Al Hokair & Co.) which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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

Applying the Provisions of the Corporate Governance Regulations

In accordance with the requirements of Article 90, Paragraph (1) of the Board of Directors' Report of the Corporate Governance Regulation, the Company has implemented all the articles, except for the articles outlined in the following table.

Article	Paragraph	Obligatory/ Optional	Execution Position	Causes and Company Procedures
Article 37: Training	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.
Article 39: Evaluation	All paragraphs	Optional	Not applicable	The Board of Directors has mechanisms for evaluating its performance; however, this article has not been applied as it is an optional article. Its application will be studied in the future.
Article 51	Paragraph (D)	Optional	Partially applied during the year	This article was applied until 20 September 2025. Upon the reformation of the Audit Committee on 21 September 2025, this article was not applied, and it will be studied for future application.
Article 67: Formation of a Risk Management Committee	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.
Article 68: Functions of the Risk Management Committee	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.
Article 69: Meetings of the Risk Management Committee	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.
Article 82: Motivating Employees	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.
Article 85: Social Action Initiatives	All paragraphs	Optional	Not applicable	An optional article; its application will be studied in the future.

Annual Review of the Effectiveness of Control Procedures

As a result of the Audit Committee's efforts at the level of the Company and its subsidiaries, the annual review of internal control procedures - selected for testing during the fiscal year ended December 31, 2025 by the Committee, the Internal Audit function, and based on the external auditor's reports - indicates that executive management has initiated a remediation plan addressing certain material matters highlighted in the Committee's previous report, including the following:

- Implementing the Internal Audit recommendations to strengthen the internal control systems, as detailed in the periodic follow-up reports issued by the Internal Audit function.
- Approving the Delegation of Authority to reinforce the Company's internal control and governance systems.
- Improving the Company's cash position by securing a loan from shareholders, restructuring the Company's bank loans with new banks on improved terms, and transitioning the Company from a distressed status to a stable financial position.
- Divesting and closing brands that were generating financial losses and refocusing on strategic brands that generate profits for the Company.

The Committee further notes that internal controls, risk management, governance procedures, and activities related to certain critical operations require further development, including inventory operations (encompassing physical inventory counts and inventory write-offs), fixed assets, financial reporting, information systems applications, sales operations, and key activities in the Company's international subsidiaries outside the Kingdom.

Operational and Financial Risk

Underperforming Brands

The Company is committed to introducing well-known and globally established brands to the Saudi market after conducting feasibility studies on launching these international brands. Although it is rare for a well-known brand to fail from the start, this can occasionally happen. The Company conducts continuous economic viability assessments of operating brands to maintain profitable trade names and terminate relationships with unprofitable ones when necessary, ensuring and protecting the interests of the Company and its shareholders.

Unprofitable Stores

The Company prepares detailed profit and loss analyses supported by monthly reports and performance information for each brand in every branch and region. These reports show sales, cost of sales, and selling expenses by brand and store. However, some stores may not achieve their expected results due to external factors such as changes in market conditions, customer behavior, or shifts in general taste. In such cases, the Company may close unprofitable stores, implement modifications, or change brands to achieve the Company overall objectives.

Excess Inventory

The ability to market products is one of the most significant risks facing any retail company. Excess inventory ties up capital and negatively impacts profit margins. To address these risks, the Company conducts detailed studies of quantities purchased at the beginning of each season for each item individually. The Company promotes end-of-season inventory through specific discount seasons and has opened several outlet stores to dispose of remaining inventory after the discount season.

Expansion-Related Risks

The Company intends to continue increasing its number of branches and diversifying the trade names it offers in the market. The Company's ability to manage this expansion depends on its capacity to continue implementing and developing operational and financial systems, information management systems, and training, motivating, and managing its human resources to contribute to achieving the Company's objectives. Future financial results may be affected if the expansion strategy is not successful. If the Company cannot compete in current or new markets, it may be unable to recover capital expenditures, establishment costs, production, distribution, marketing costs, and administrative expenses incurred in developing such markets. To address these risks, the Company focuses on attracting distinguished human resources with experience in new markets it enters and is currently implementing direct, permanent, and immediate communication for all its external branches with the Company's headquarters through modern electronic means.

Competition

The Company does not see any substantial risks that might result in the termination of any of its international franchise rights, based on the excellent relationship between the Company and its commercial agencies.

Currency Exchange Rate Fluctuation Risks

The fluctuation of the ⃁ exchange rate against foreign currencies directly affects product costs and profits, as the Company's operations include purchasing goods paid for in currencies other than the ⃁, such as the Euro and British Pound. The Company hedges part of the risks resulting from exchange rate fluctuations, which limits the impact of exchange rate changes on the Company's business results.

Dependence on Distinguished Human Resources

Any activity depends on the capabilities and expertise of its executive managers and key employees. Therefore, the Company implements multiple strategies to address the risks of losing effective employees and attracting qualified and professional employees, in addition to internally developing and improving employee capabilities to fill senior positions within the Company.

Hiring Saudi Nationals and the Social Contribution Program

Saudi National Employment and Community Contribution Program

Cenomi Retail spares no effort in supporting the objectives of the Kingdom's Vision 2030, which seeks to build a bright and prosperous future driven by a vibrant society. The Company's commitment is clearly reflected in the employment and training of Saudi nationals, underpinned by a robust learning and development framework.

Learning and development is defined as an institutional process that combines the Company's formal methodology with employees' personal commitment – a journey that begins when an employee joins and continues throughout every stage of their career. The Company assumes full responsibility for providing the tools and opportunities necessary to ensure the success of this process.

The Company's learning and development methodology is competency-driven, with competency gaps translated into learning objectives that form part of a structured development plan supported by a wide range of approved learning initiatives.

1. Development Activities

- A wide variety of activities are available to support employee development, and employees are encouraged to explore the opportunities before them. The Company has designed its training activities to address and meet its business needs.
- The Company adopts the 70:20:10 learning model in its development activities, which is competency-based and promotes self-directed learning. The model delivers authentic on-the-job learning experiences (70%), supported by coaching and self-study (20%), and formal classroom training sessions and learning events (10%).
- Over 90% of employees benefit from training activities.

On-the-Job Training

- Development activities designed to reinforce learning in the workplace.
- On-the-job training consists of individualized instruction delivered in the actual work environment under the supervision of an experienced employee, ensuring that intended learning outcomes are achieved.
- This type of training was funded through the "Tawteen" program, through which the required on-the-job training was provided.

Coaching and Self-Study

- Establishing a two-way communication channel between less experienced and more experienced employees is an effective approach to enhancing personal and professional development, fostering career growth and innovation, and elevating motivation and productivity.

Classroom Training and Formal Learning Events

- Theoretical training supporting e-learning activities is conducted primarily in-house.
- All formal training activities include pre- and post-training discussions and assessments.

2. Performance Management

The Performance Management Program reflects the Company's commitment to establishing a clear plan for managing and evaluating employee performance, thereby driving improvements in overall business outcomes. The program is supported by a clear, direct, regular and two-way communication process between the evaluator and the employee.

Objectives:

- Ensuring that an appropriate governance mechanism is in place for the annual performance review of all employees.
- Conducting comprehensive, objective and realistic assessments of employee performance and progress with a high degree of transparency and fairness, while documenting key information related to performance levels and achievements.
- Ensuring that the Company's priorities are clearly communicated to employees and that performance plans are aligned with the Company's strategic plan to the greatest extent possible.

- Encouraging evaluators to foster learning and development through regular positive or constructive feedback.
- Maximizing the potential of all employees and motivating each individual to seek avenues for growth.

3. Development Model

Competency Assessment

- The competency assessment process measures employees' knowledge, skills and abilities against competency requirements, with the aim of identifying strengths and development areas and communicating them to the relevant employees.
- Employees were assessed against the specific competencies required for the next level in their career path.
- Each position within the career path is linked to a defined set of competencies and a specified proficiency level for each competency, along with the corresponding development activities required.
- The competency guide serves as a clear indicator of the Company's expectations for employees in each role.

Individual Development Plan

- The Company develops a unique, tailored plan for each employee that focuses on bridging identified gaps, enabling the employee to reach the level required for advancement to the next position in their career path.
- The plan defines the learning objectives needed to close the employee's competency gaps.
- All development activities within the plan are selected from the Company's training handbook.

4. Training Handbook

The training handbook is prepared annually based on the learning objectives identified by employees as part of their development focus areas.

5. Core Training

- The Company has developed core training programs that are aligned with business requirements but are not tied to any specific competency.
- Employees receive role-specific training based on their position, including training in areas such as sales and point-of-sale operations and the Oracle platform.

6. Establishment of the Saudi Retail Academy

The Saudi Retail Academy (formerly Cenomi Academy) commenced its training activities in December 2023 in the Kingdom of Saudi Arabia, specializing in retail training and development. The Academy is one of the Strategic Partnership Institutes affiliated with the Technical and Vocational Training Corporation (TVTC) in collaboration with Cenomi, dedicated to supporting and advancing the Kingdom's retail sector in alignment with Vision 2030. The Academy is distinguished by its expertise in training retail professionals and retailers across the Kingdom. Through state-of-the-art facilities and interactive training experiences, the Academy is committed to developing competencies and leadership skills that enhance professional career paths. It equips employees with the skills and knowledge necessary to keep pace with evolving consumer needs, and offers a range of training programs governed by specific assessment criteria and managed by highly skilled and experienced staff.

Cenomi Retail is committed to supporting the Kingdom's Vision 2030 goal of developing the skills and capabilities of Saudi nationals and facilitating their employment through the Academy's programs. A key focus area is the recruitment and development of 500–1,000 Saudi nationals annually – individuals who have completed their secondary education and wish to enroll in a vocational program to gain hands-on work experience and advance along their career paths. The Company's goal by 2030 is to build an entirely Saudi workforce across all roles and organizational levels. All programs offered by the Academy are licensed by the TVTC and City & Guilds.

The assessment center is accredited by Cambridge University Press & Assessment.

The following programs are offered by the Academy:

- Retail Sales Representative Diploma
- Retail Store Manager Diploma
- Brand Area Manager Diploma
- Brand Manager Diploma

Program Duration

24 months
12 months
3 months

All programs include classroom training, interactive training and on-the-job training.

The Academy currently has approximately 325 trainees, to whom Cenomi Retail provides the following incentives:

1. Monthly salary
2. Medical insurance
3. Sales incentives
4. Enrollment in the General Organization for Social Insurance (GOSI)
5. Tuition-free training for 24 months for job seekers, with the Company covering 25% of the training costs as part of its corporate social responsibility, while the Human Resources Development Fund (HRDF) covers the remaining 75%

Total Training Output

Training Programs	6
Training Hours	41,281
Program Introductory Sessions	246
Program Satisfaction Rate	95%
Countries	7
Classroom Trainees	2,689
E-Learning Trainees	4,641

The Competing Businesses with the Company or any of its Activities that any Member of the Board of Directors Engages in

Company Name	Board Member	Member's Position in the Competing Company	Description of the Group	Nature of Competing Business	Ownership Percentage
Majd Alaamal Group (Limited Liability)	Abdulmajid Bin Abdulaziz Alhokair (Non-Executive Board member)*	Partner	Majd Alaamal is a group working in multiple sectors (restaurants, financial investments, real estate and contracting)	Food and Beverage	50%

* Resigned on 15 September 2025

General Assembly of the Shareholders

The Company held one Ordinary General Assembly Meeting during the fiscal year starting on 1 January and ending on 31 December 2025.

The following table describes the date of the meeting and the names of the Board members who attended:

Date of the Meeting	Attendance by the Members of the Board of Directors	Remarks
25 June 2025 Ordinary General Assembly	Fawaz Bin Abdulaziz Alhokair Dr. Abdulmajid Bin Abdulaziz Alhokair Dr. Abdulrahman Bin Mohammed Alanqari Mansour Bin Saad Alajlan Ahmed Bin Mohammed AlAlsheikh Abdulmajid Bin Abdullah Albasri Ahmed Bin Saleh Alsultan Ahmed Badawi Naif Shaheen Dr. Abdullah Bin Mohammed Mattar	Fawaz Bin Abdulaziz Alhokair Dr. Abdulmajid Bin Abdulaziz Alhokair Dr. Abdulrahman Bin Mohammed Alanqari Mansour Bin Saad Alajlan Ahmed Bin Mohammed AlAlsheikh Abdulmajid Bin Abdullah Albasri Ahmed Bin Saleh Alsultan Ahmed Badawi Naif Shaheen Dr. Abdullah Bin Mohammed Mattar

Shareholders' Register Requests

The Company requested the shareholders' register 22 times during the fiscal year for the period from 1 January to 31 December 2025, the details of which are as follows:

Serial Number	The Date of Request	Reason for Requests
1	31 January 2025	Corporate Actions
2	28 February 2025	Corporate Actions
3	27 March 2025	Corporate Actions
4	31 March 2025	Corporate Actions
5	30 April 2025	Corporate Actions
6	13 May 2025	Corporate Actions
7	12 June 2025	Corporate Actions
8	15 June 2025	Corporate Actions
9	25 June 2025	General Assembly
10	29 June 2025	Corporate Actions
11	30 June 2025	Corporate Actions
12	13 July 2025	Corporate Actions
13	16 July 2025	Corporate Actions
14	22 July 2025	Corporate Actions
15	30 July 2025	Corporate Actions
16	03 August 2025	Corporate Actions
17	31 August 2025	General Assembly
18	22 September 2025	General Assembly
19	30 September 2025	Corporate Actions
20	31 October 2025	Corporate Actions
21	30 November 2025	Corporate Actions
22	31 December 2025	Corporate Actions

05

Financial Statements

Independent Auditor's Report	172
Consolidated Statement of Financial Position	177
Consolidated Statement of Profit or Loss	178
Consolidated Statement of Comprehensive Income	179
Consolidated Statement of Changes in Equity	180
Consolidated Statement of Cash Flows	181
Notes to the Consolidated Financial Statements	183

Gross profit of ⃁ 579.6 million in 2025

2025 marked an important transition year for Cenomi Retail as the Company progressed from structural stabilization into its next phase.

Independent Auditor's Report

To the shareholders of AFG International Company
A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of AFG International Company (Saudi Joint Stock Company) (the "Company") and its subsidiaries (together "the Group") (Previously Fawaz Abdulaziz Al Hokair & Co.) which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note (3-2) of the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of ⃁ 497 million for the year ended 31 December 2025, and as of that date it recorded accumulated losses of ⃁ 2,113 million. In addition, the Group's current liabilities exceeded its current assets by ⃁ 1,545 million as of 31 December 2025, and as of that date total liabilities exceeded total assets by ⃁ 1,466 million. These events or conditions, along with other matters as set forth in details in Note (3-2) of the accompanying 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 opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matters include the following:

Key audit matter	How the key audit matter was addressed in our audit
Inventories	
As of 31 December 2025, the Group's net inventories balance in the consolidated financial statements amounted to ⃁ 594 million (2024: ⃁ 638 million), including inventory write-down allowance amounted to ⃁ 121 million (2024: ⃁ 79 million). The Group applies cyclical inventory count policy to conduct stock counts in retail outlets and warehouses throughout the year. Additionally, inventories are stored at multiple locations with high volume of daily transactions. Inventories are stated at the lower of cost and net realizable value. The Group, where necessary, record an allowance for obsolete and slow-moving inventories which is determined by considering the age of inventories as well as seasonal trends of the business. We considered this as a key audit matter due to the significance of the inventory, its existence and the material judgments applied by management in determining obsolete, slow-moving inventories and the level of inventories write down required based on net realizable value.	Our audit procedures related existence of inventory and its valuation, included among others, the following: • Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant IFRS accounting standards. • Assessed the design and implementation, and tested the operating effectiveness of the key controls relating to Group's processes over inventory count performed by Management during the year for certain stores; • Assessed the design and implementation of the key controls relating to Group's procedures for determining allowance for slow moving inventories based on aging analysis. • Obtained inventory physical count results from management to evaluate the inventory allowance, based on actual shrinkage identified during the counts. In addition, to evaluate inventory counts processes, we attended the actual physical counts for a sample of stores to test the accuracy of the executed inventory count processes for certain samples. • Tested the allowance for slow moving inventories by evaluating current inventory allowance policy levels and recalculated the allowance based on inventory aging, to determine the adequacy of these allowances. • Involved our information technology specialists to test the accuracy & completeness of the inventories' ageing report used by management in its determination of inventory allowance. • Tested the net realizable value of inventories by examining the sales subsequent to year-end, on sample basis, and compared net realizable value for the selected samples with the carrying value of inventories to evaluate the appropriateness of the associated allowance. • Evaluated the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards.
Refer to significant judgements and estimates applied by the Group related to inventories in note (4-B), material accounting policy information of the same matter (5-I), and other related inventory disclosures in note (13) of the accompanying consolidated financial statements.	

Key audit matter	How the key audit matter was addressed in our audit
Impairment of goodwill	
As of 31 December 2025, the Group's net goodwill balance in the consolidated financial statements amounted to ⃁ 341 million (2024: ⃁ 461 million), while the goodwill impairment charge during the year amounted to ⃁ 120 million (2024: ⃁ 95 million). The goodwill comprises a group of cash generating units as follows: • Nesk Trading Projects Company Ltd, • Wahba Trading Company Ltd, • Food Gate Company Ltd, and; • Innovative Union Company Ltd. Goodwill is stated at cost acquired, and is tested annually for possible impairment as a result of its indefinite useful life. We considered this as a key audit matter due to the significant estimates and judgements applied by management about the main assumptions related to the future cash flows of the underlying businesses, growth rates as well as the discount rates applied to derive the associated net present values.	Our audit procedures related to impairment of goodwill, included among others, the following: • Obtained all impairment test models for each goodwill resulting from the various cash-generating units in the Group that were prepared by management and its external valuation consultant. • Involved our internal experts to assist in evaluating assumptions and inputs used in goodwill impairment testing models. • Assessed the reasonableness of the business plan by comparing the implicit growth rates to the market and analysts' forecasts. • Assessed the extent to which management has reflected the result from the comparison of budgeted versus actual numbers in its current assessment and adjusted the projected revenue growth rates and operating margins in this year's models. • Compared the models' inputs, such as the weighted average cost of capital, the long-term growth rate and other assumptions with observable market data. • Ensured that the recoverable amounts calculations are based on the latest business plans, which is approved by the Board of Directors, covering the period from 2026 to 2030. • Performed a comprehensive sensitivity analysis testing over the key assumptions used in the business plan. • Evaluated the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards.
Refer to significant judgements and estimates applied by the Group related to the impairment of non-financial assets in note (4-B), material accounting policy information of the same matter in note (5-G.I/M), and other related goodwill disclosures in note (7) of the accompanying consolidated financial statements.	

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, when it is available to us, if we discover that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

For Dr. Mohamed Al-Amri & Co.

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

Riyadh, on 27 Ramadan 1447 (H)
Corresponding to: 16 March 2026 (G)

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of financial position

As of 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Note	31 December 2025 ⃁	31 December 2024 ⃁
Assets			
Property and equipment	6	981,139,100	1,085,002,395
Right-of-use assets	28A	1,368,486,825	1,463,399,941
Goodwill and intangible assets	7	476,680,274	627,455,066
Investment in equity instruments at FVOCI	10	110,313,732	84,371,912
Equity accounted investment	9	30,670,320	46,004,794
Security deposits	11	15,398,822	17,113,831
Receivable from disposal of a subsidiary	12	15,941,958	18,672,904
Investment property	8	1,020,000	1,142,400
Non-current assets		**2,999,651,031**	**3,343,163,243**
Inventories	13	594,193,649	638,013,521
Advances, prepayments and other receivables	14	154,784,252	196,701,833
Cash and cash equivalents	15	243,999,879	256,211,534
Current assets		**992,977,780**	**1,090,926,888**
Assets classified as held for sale	35	30,839,353	179,865,602
Total assets		**4,023,468,164**	**4,613,955,733**
Equity			
Share capital	21	1,147,664,480	1,147,664,480
Foreign currency translation reserve		(598,997,517)	(617,207,523)
Fair value reserve		103,448,561	83,270,078
Accumulated losses		(2,112,926,486)	(1,606,933,730)
Equity attributable to the shareholders of the Company		**(1,460,810,962)**	**(993,206,695)**
Non-controlling interests	27	(5,392,468)	(24,928,877)
Total equity		**(1,466,203,430)**	**(1,018,135,572)**
Liabilities			
Loans and borrowings	16	1,574,019,850	82,449,030
Lease liabilities	28B	1,258,165,819	1,193,527,009
Employees' benefits	19A	83,166,133	74,833,731
Non-current liabilities		**2,915,351,802**	**1,350,809,770**
Loans and borrowings - current portion	16	34,688,785	1,760,169,911
Shareholder's loan	17	1,378,476,561	--
Lease liabilities - current portion	28B	218,501,982	361,490,105
Trade and other payables	18	899,816,631	1,839,075,357
Zakat and tax liabilities	20B/C	6,674,847	99,228,865
Current liabilities		**2,538,158,806**	**4,059,964,238**
Liabilities relating to assets classified as held for sale	35	36,160,986	221,317,297
Total liabilities		**5,489,671,594**	**5,632,091,305**
Total equity and liabilities		**4,023,468,164**	**4,613,955,733**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

The issuance of these consolidated financial statements was approved by the Board of Directors on 23 Ramadan 1447 corresponding to 12 March 2026 and signed on its behalf by:

Ahmad Abdelkareem	Salim Fakhouri	Hussein Ali Shobokshi
Chief Financial Officer	Chief Executive Officer	Chairman

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of profit or loss

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Notes	31 December 2025 ⃁	31 December 2024 ⃁
Revenue	23	5,103,856,497	4,847,143,434
Cost of revenue	24A	(4,524,271,241)	(4,281,499,365)
Gross profit		**579,585,256**	**565,644,069**
General and administrative expenses	24B	(327,108,286)	(341,273,687)
Selling and distribution expenses	24C	(137,920,229)	(146,957,334)
Other operating expense	24D	(173,202,109)	(10,620,836)
Impairment loss on goodwill		(120,000,000)	(95,350,000)
Other operating income	24E	88,117,185	257,724,749
Operating (loss) / profit		**(90,528,183)**	**229,166,961**
Finance costs over loans and borrowings	24F	(189,083,209)	(188,886,389)
Finance costs over lease liabilities	28B	(100,620,550)	(95,495,086)
Loss from derivative liabilities		-	(12,642,079)
Net finance costs		**(289,703,759)**	**(297,023,554)**
Share of loss of equity-accounted investees	9	(17,216,151)	(23,705,661)
Loss before zakat and income tax		**(397,448,093)**	**(91,562,254)**
Zakat and Income tax expense	20A	(51,112,309)	(60,602,389)
Loss for the year from continuing operations		**(448,560,402)**	**(152,164,643)**
Loss for the year from discontinued operations	34&35	(48,181,333)	(45,298,691)
Loss for the year		**(496,741,735)**	**(197,463,334)**
Loss for the year is attributable to:			
Shareholders of the Company		(505,506,960)	(203,538,578)
Non-controlling interests	27	8,765,225	6,075,244
		(496,741,735)	(197,463,334)
Loss per share			
Basic and diluted loss per share			
- from continuing operations	25A	(3.98)	(1.38)
- from discontinuing operations	25A	(0.42)	(0.39)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem	Salim Fakhouri	Hussein Ali Shobokshi
Chief Financial Officer	Chief Executive Officer	Chairman

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of comprehensive income

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Note	31 December 2025 ⃁	31 December 2024 ⃁
Loss for the year		(496,741,735)	(197,463,334)
Items that will not be reclassified to profit or loss:			
Re-measurement of employees' benefits	19A	(485,796)	507,614
Changes in fair value investment through OCI	10	20,590,290	42,034,282
		20,104,494	42,541,896
Items that may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currencies translation differences		18,437,310	(53,574,927)
		18,437,310	(53,574,927)
Other comprehensive income for the year, net of tax		**38,541,804**	**(11,033,031)**
Total comprehensive income for the year		**(458,199,931)**	**(208,496,365)**
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		(467,604,267)	(214,531,668)
- Non-controlling interests		9,404,336	6,035,303
		(458,199,931)	**(208,496,365)**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem	Salim Fakhouri	Hussein Ali Shobokshi
Chief Financial Officer	Chief Executive Officer	Chairman

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of changes in equity

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Share Capital ⃁	Foreign currency translation reserve ⃁	Fair value reserve ⃁	Accumulated losses ⃁	Total shareholders' equity ⃁	Non-Controlling interests ⃁	Total equity ⃁
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)**
Comprehensive income for the year							
(Loss) / profit for the year	--	--	--	(505,506,960)	(505,506,960)	8,765,225	(496,741,735)
Other comprehensive income	--	18,210,006	20,178,483	(485,796)	37,902,693	639,111	38,541,804
Total comprehensive income for the year	**--**	**18,210,006**	**20,178,483**	**(505,992,756)**	**(467,604,267)**	**9,404,336**	**(458,199,931)**
Dividend payable reversed	--	--	--	--	--	10,097,646	10,097,646
Additional capital contribution by NCI	--	--	--	--	--	34,427	34,427
Balance at 31 December 2025	**1,147,664,480**	**(598,997,517)**	**103,448,561**	**(2,112,926,486)**	**(1,460,810,962)**	**(5,392,468)**	**(1,466,203,430)**
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)**
Comprehensive income for the year							
(Loss) / profit for the year	--	--	--	(203,538,578)	(203,538,578)	6,075,244	(197,463,334)
Other comprehensive income	--	(52,694,300)	41,193,597	507,614	(10,993,089)	(39,941)	(11,033,030)
Total comprehensive income for the year	**--**	**(52,694,300)**	**41,193,597**	**(203,030,964)**	**(214,531,667)**	**6,035,303**	**(208,496,364)**
Dividends paid to NCI	--	--	--	--	--	(3,333,000)	(3,333,000)
Balance at 31 December 2024	**1,147,664,480**	**(617,207,523)**	**83,270,078**	**(1,606,933,730)**	**(993,206,695)**	**(24,928,877)**	**(1,018,135,572)**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer

Hussein Ali Shobokshi
Chairman

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of cash flows

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Note	31 December 2025 ⃁	31 December 2024 ⃁
Cash flows from operating activities:			
Loss for the year		(496,741,735)	(197,463,334)
Adjustments for:			
- Depreciation on right-of-use assets	28A	287,766,771	375,687,847
- Depreciation on property and equipment		124,435,178	142,744,629
- Amortization on intangible assets		12,470,863	16,476,791
- Depreciation on investment property		122,400	122,400
- Allowance for inventory shrinkage and slow-moving inventory	13	65,382,108	56,006,092
- Direct writ-off inventories	13	15,313,008	3,243,144
- Provision for employees' benefits	19A	15,657,730	19,708,017
- Gain on lease termination		(9,705,641)	(6,185,129)
- Impairment loss on goodwill	7A	120,000,000	95,350,000
- Losses from disposals of property and equipment and intangible assets		78,007,038	41,505,595
- Expected credit loss		34,897,110	24,013,772
- Finance cost over loans and borrowings		189,083,209	189,522,217
- Finance cost over lease liabilities	28B	103,832,259	106,760,963
- losses from derivative liabilities		--	12,642,079
- Share of loss from equity accounted investment	9	17,216,151	23,705,661
- Zakat and income tax expense		51,112,309	60,602,389
- Net loss on disposal of discontinued operations and subsidiary		(19,001,491)	(208,938,692)
		589,847,267	755,504,441
Changes in:			
- Inventories		(18,158,074)	81,999,648
- Advances, prepayments and other receivables		13,226,500	91,488,098
- Trade and other payables		(943,027,637)	492,711,191
Cash (used in) / generated from operating activities		**(358,111,944)**	**1,421,703,378**
Employees' benefits paid		(10,987,469)	(37,476,745)
Zakat and income tax paid		(143,666,327)	(47,950,123)
Net cash (used in) / generated from operating activities		**(512,765,740)**	**1,336,276,510**
Cash flows from investing activities:			
Purchase of property and equipment		(101,897,805)	(215,021,037)
Purchase of intangible assets		(3,242,620)	(10,260,747)
Proceeds from disposal of brands		25,493,300	331,435,895
Additional capital contribution to equity accounted investment		(1,881,676)	(4,881,676)
Dividend paid to NCI shareholder		--	(3,333,000)
Net cash (used in) / generated from investing activities		**(81,528,801)**	**97,939,435**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer

Hussein Ali Shobokshi
Chairman

AFG International Company (A Saudi Joint Stock Company)

Consolidated statement of cash flows

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

	Note	31 December 2025 ⃁	31 December 2024 ⃁
Cash flows from financing activities:			
Proceeds from loans and borrowings		4,717,345,591	482,920,060
Repayments of loans and borrowings		(3,597,184,165)	(1,147,071,895)
Repayments of lease liabilities		(267,168,507)	(321,888,520)
Payments of finance costs over loans and borrowings		(172,387,025)	(251,690,833)
Payments of finance costs over lease liabilities	28B	(103,832,259)	(106,760,963)
Upfront fee paid		(8,000,000)	--
Additional capital contribution by NCI	27	34,427	--
Net cash generated from / (used in) financing activities		**568,808,062**	**(1,344,492,151)**
Net (decrease) / increase in cash and cash equivalents		(25,486,479)	89,723,794
Foreign currency exchange translation differences		13,274,824	(21,653,947)
Cash and cash equivalents at the beginning of year		256,211,534	188,141,687
Cash and cash equivalents at end of year	**15**	**243,999,879**	**256,211,534**

Significant non-cash transactions:	31 December 2025 ⃁	31 December 2024 ⃁
Disposal of Property and equipment (*)	25,098,258	--

(*) This amount represents non-cash transactions related to the disposals made during the year for certain assets and settled against rental liabilities (Note 6).

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmad Abdelkareem
Chief Financial Officer

Salim Fakhouri
Chief Executive Officer

Hussein Ali Shobokshi
Chairman

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

1. REPORTING ENTITY

AFG International Company (the "Company"), (previously known as Fawaz Abdulaziz Al Hokair & Co.), is a publicly 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.

The intermediate Parent-Company is Al-Futtaim Retail Company a company domiciled in Saudi Arabia.

The ultimate Parent-Company is Al-Futtaim Group LLC a company domiciled in the United Arab Emirates.

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

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

These consolidated financial statements were approved by the Board of Directors for issuance on 23 Ramadan 1447 corresponding to 12 March 2026.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

2. GROUP STRUCTURE

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

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2025	Ownership interest held by the Group as at: 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	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
10	Al-Jeel Trading Company	Kingdom of Saudi Arabia	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	RIGE Co.	Arab Republic of Egypt	Retail	99	99
24	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
25	Retail Group Armenia CJSC	Armenia	Retail	96	96
26	Spanish Retail CJSC	Armenia	Retail	100	100
27	ZR Fashion Retail CJSC	Armenia	Retail	100	100
28	Global Apparel CJSC	Armenia	Retail	100	100
29	BR Fashion Retail CJSC	Armenia	Retail	100	100
30	Master Retail CJSC	Armenia	Retail	100	100
31	Best Retail CJSC	Armenia	Retail	100	100
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

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 December 2025	Ownership interest held by the Group as at: 31 December 2024
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 vehicles across several countries which are not material to the Group.

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

3. BASIS OF ACCOUNTING

3.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter refer to as "IFRS as endorsed in KSA").

3.2 GOING CONCERN BASIS OF ACCOUNTING

The Group incurred a net loss of ⃁ 497 million during the year ended 31 December 2025 (2024: ⃁ 197 million), resulting in accumulated losses of ⃁ 2,113 million as at that date (2024: ⃁ 1,607 million). In addition, as at 31 December 2025, the Group's current liabilities exceeded its current assets by ⃁ 1,545 million (2024: ⃁ 2,969 million) , and as of that date total liabilities exceeded total assets by ⃁ 1,466 million (2024: ⃁ 1,018 million).

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

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

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Over the past two years, the Group has exited a number of underperforming brands and redirected resources toward higher performing brands. These initiatives have contributed to improvements in gross margins and operating performance. During the year ended 31 December 2025, the Group reported improved operating results compared to the prior year. In addition, the Group completed significant debt restructuring during the year, including the settlement and refinancing of bank facilities.

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

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

3.3 BASIS OF MEASUREMENT
These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

4. USE OF JUDGEMENTS AND ESTIMATES
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. JUDGEMENTS
The following judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control and significant influence over an investee
Management's judgement in assessing control over consolidated subsidiaries:

Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Based on above considerations, management of the Group believes:

- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate and joint venture under the equity method of accounting.

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determination of the incremental borrowing rate of lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

B. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and unexpected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Allowances for slow moving inventory and shrinkage

Inventories are held at the lower cost and net realizable value. When inventories become old or obsolete or subject to technological/market changes, an estimate is made of their net realizable value. Factors considered in the determination of mark downs include current and anticipated demand, customer preferences and age of inventories as well as seasonal trends. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a mark down provision applied accordingly to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

The Group applies cyclical inventory count policy to conduct stock counts in retail outlets and warehouses throughout the year. Additionally, inventories are stored at multiple locations with high volume of daily transactions, which requires a certain estimation with regards to shrinkage allowances as at year end date.

Economic useful lives and residual values of property and equipment & intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization, respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear. Residual values are based on experience and observable data where available.

Long-term assumptions for Employees' benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

A. BASIS OF CONSOLIDATION

I. SUBSIDIARIES

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity, respectively.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:

- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary, which is not considered a significant influence, is measured at fair value when control is lost.

II. INTEREST IN EQUITY-ACCOUNTED INVESTEES

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

The carrying amount of investment in associates and joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

B. FOREIGN CURRENCIES

I. FUNCTIONAL AND PRESENTATION CURRENCY

The accompanying consolidated financial statements are presented in Saudi Riyals which is the functional currency and presentation currency of the company. Each subsidiary in the Group determines its own functional currency (which is the currency of the primary economic environment in which the subsidiary operates), and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

II. TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within other operating expenses/income.

III. FOREIGN OPERATIONS

The assets and liabilities of foreign operations (none of which has the currency of a hyperinflationary economy) are translated at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Saudi Riyals at exchange rates at the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences arising on foreign operations are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

C. REVENUE RECOGNITION

The following are the description of accounting policies for principal activities, from which the Group generates its revenue:

SALES IN OUTLETS

Sales are recognized when the customer takes possession of the product sold by the Group. Payment of the transaction price is due immediately when the customer purchases the product.

Sales are measured based on the consideration specified in the contract with a customer excluding amounts collected on behalf of third parties, if any. Sales exclude Value Added Tax (VAT) collected. Sales are shown in the consolidated statement of profit or loss net of returns and any discounts given.

The group's return policy grants customers the right of return within three to seven days in normal sales and one day in the case of promotional sale with certain requirements and certain exceptions.

ONLINE SALES

Sales are recognized when the products are delivered to the customers by the shipping agent. Payment of the transaction prices is normally received upon placing online orders and recognized as a liability until the recognition of sales. Certain online sales are subject to cash on delivery terms where corresponding sales is recognized upon the delivery of the products and the collection of the cash.

For all types of sales, historical experience suggests that the amount of returns is totally immaterial and accordingly, no refund liability is recognized at the time of sale. The validity of these conclusions is assessed at each reporting date. If the returns pattern changed, the Group would recognize a refund liability and corresponding asset (right to the returned goods) for products expected to be returned, with revenue and related cost of sales adjusted accordingly.

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

In all the above types, the stated price is the transaction price, and the Group does not have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, and as a result, the Group does not adjust transaction prices for the time value of money.

D. PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the statement of profit or loss in the year they are incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Buildings	40 years
Leasehold improvements	15 years or non-cancellable lease term whichever is shorter
Furniture, fixtures and office equipment	15 years
Motor vehicles	6 years

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively if appropriate, at each consolidated statement of financial position date.

Land and assets under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (please refer Note 5M).

E. COST OF REVENUE

Cost of revenue includes the actual cost of the product, the cost of transportation to the Group's distribution facilities and warehouses from suppliers and the inventory allowances and write downs.

F. INVESTMENT PROPERTY

Investment properties are those properties, either owned by the Group or where the Group is a lessee under a right of use arrangement, that are held either to earn rental income or for capital appreciation, or both.

In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured at cost, including related transaction costs. After initial recognition at cost, investment properties are depreciated in line with owner-occupied buildings.

G. INTANGIBLE ASSETS

I. GOODWILL

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the recognized identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

II. OTHER INTANGIBLE ASSETS

Other intangible assets represent acquired software and related licenses, key money, deferred charges (i.e., trademarks / brand). Intangible assets are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated years of amortization of the principal classes of other intangible assets is as follows:

Class of asset	Number of years
Software	25 years
Key money	15 years
Deferred charges	15 years

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

H. ASSETS CLASSIFIED AS HELD FOR SALE

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

The criteria for classification of assets held for sale are met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be cancelled. The Management must be committed to the plan to sell the asset and which is expected take place within one year from the date of the classification.

I. INVENTORIES

Inventories, including goods available for sale and goods in transit are stated at the lower of cost and net realizable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete a sale. Provision is made, where necessary, for obsolete, slow-moving and defective stocks.

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

K. FINANCIAL INSTRUMENTS

I. RECOGNITION AND INITIAL MEASUREMENT

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value. For financial instruments not classified at FVTPL, transaction costs that are directly attributable to its acquisition or issue are adjusted.

II. CLASSIFICATION AND SUBSEQUENT MEASUREMENT

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension Features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

III. DERECOGNITION

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Financial liabilities

The Group derecognizes financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

IV. OFFSETTING

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

L. IMPAIRMENT OF FINANCIAL INSTRUMENTS

The Group recognizes loss allowances for Expected Credit Losses (ECLs) utilizing the simplified approach for all financial assets measured at amortized cost.

The Group measures loss allowances for trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

M. IMPAIRMENT OF NON-FINANCIAL ASSET

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

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

N. BORROWINGS

Borrowings are initially recognized at fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective profit rate method. Any difference between the proceeds (net of transaction costs), and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective profit rate method.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

O. FINANCE INCOME AND FINANCE COST

Finance income includes interest income which is recognized as it accrues in profit or loss, using the effective interest method. Fair value gain on interest rate swaps is recognized when the interest rate swaps are revalued.

Finance costs comprise financial charges on borrowings including sukuks that are recognized in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

P. FAIR VALUE MEASUREMENT

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Q. PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense.

R. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest rate method.

S. EMPLOYEES' BENEFITS AND POST-EMPLOYEMENT BENEFITS

I. SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave and air fare that are expected to be settled wholly within twelve months, after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

II. POST-EMPLOYEMENT OBLIGATION

The Group operates single post-employment benefit scheme of defined benefit plans driven by the labor laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuation of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings / accumulated losses in the statement of changes in equity and in the consolidated statement of financial position.

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

T. ZAKAT AND INCOME TAX

I. ZAKAT
Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

II. INCOME TAX
For subsidiaries incorporated and operating outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with the tax regulations of their respective countries, when it is material. The Group considers both of the current and deferred income tax of those subsidiaries as immaterial.

III. DEFERRED TAX
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

U. DIVIDENDS
Provision is made for the amount of any dividends declared being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year. Dividends received or receivable from investees is recognized as a reduction in the carrying amount of the investment.

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

V. EARNINGS PER SHARE
Basic earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year as all the Company's shares are ordinary shares.

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

W. STATUTORY RESERVE
In accordance with the previous Companies Law and the Company's Articles of Association, 10% of the period's profits were required to be set aside as a statutory reserve. However, following amendments to the Companies Law during the year ending December 31, 2024, the requirement to set aside a statutory reserve was waived.

X. LEASES
At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to sperate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and type of the assets leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Y. SEGMENT REPORTING

An operating segment is a component of the Company:

- That engages in business activities from which it may earn revenues and incur expenses;
- Results of its operations are continuously analysed by the Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- For which discrete financial information is available.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

6. PROPERTY AND EQUIPMENT

See accounting policies in Notes 5D and 5M.

Cost	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Under construction	Total
Cost – as at 31 Dec 2023 (reclassified)	14,920,930	1,998,196,591	634,994,777	17,097,483	57,926,981	2,723,136,762
Additions	--	100,443,560	68,950,851	26,612	45,600,014	215,021,037
Transfers	--	53,723,245	15,120,132	--	(68,843,377)	--
Transfer to disposal group held for sale	--	(72,411,442)	(12,149,867)	--	(2,408,351)	(86,969,660)
Disposal of subsidiary	--	(150,604,784)	(7,954,090)	(138,172)	(14,099,966)	(172,797,012)
Disposal of brands	--	(112,417,960)	(6,411,834)	(32,050)	--	(118,861,844)
Disposals	--	(138,966,941)	(35,824,236)	(1,272,409)	(5,936,133)	(181,999,719)
Foreign currency translation differences	--	(5,092,595)	(6,221,372)	(38,704)	(2,799,883)	(14,152,554)
Balance as at 31 Dec 2024	14,920,930	1,672,869,674	650,504,361	15,642,760	9,439,285	2,363,377,010
Additions	--	69,068,288	28,157,702	--	4,671,815	101,897,805
Transfers	--	4,028,539	4,704,804	--	(8,733,343)	--
Transfer to disposal group held for sale	--	(16,439,597)	(1,889,909)	--	--	(18,329,506)
Disposals *	(14,920,930)	(76,584,294)	(33,258,175)	(169,566)	(1,660,348)	(126,593,313)
Foreign currency translation differences	--	6,920,432	2,737,010	29,549	--	9,686,991
Balance as at 31 Dec 2025	**--**	**1,659,863,042**	**650,955,793**	**15,502,743**	**3,717,409**	**2,330,038,987**

*The disposal includes a disposal of land amounting to ⃁ 14.9 million which was adjusted against the rental liabilities of a related party.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Accumulated depreciation and impairment losses:	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Under construction	Total
Balance as at 31 Dec 2023 (reclassified)	--	1,176,217,191	381,806,742	15,140,270	--	1,573,164,203
Charge for the period from continuing operation	--	79,162,099	40,270,180	507,103	--	119,939,382
Charge for the year associated with assets classified as held for sale	--	7,826,226	1,093,989	4,715	--	8,924,930
Charge for the year from disposed subsidiaries	--	12,526,965	1,353,352	--	--	13,880,317
Transfer to disposal group held for sale	--	(34,280,395)	(7,031,754)	--	--	(41,312,149)
Disposal of subsidiary	--	(139,388,953)	(6,045,108)	(105,011)	--	(145,539,072)
Disposal of brands	--	(71,417,176)	(3,875,577)	(32,049)	--	(75,324,802)
Disposals	--	(138,159,941)	(28,294,041)	(903,231)	--	(167,357,213)
Foreign currency translation differences	--	(6,161,582)	(1,802,880)	(36,519)	--	(8,000,981)
Balance as at 31 Dec 2024	--	886,324,434	377,474,903	14,575,278	--	1,278,374,615
Charge for the period from continuing operation	--	77,664,858	42,191,503	358,382	--	120,214,743
Charge for the year associated with assets classified as held for sale	--	3,838,859	381,576	--	--	4,220,435
Transfers	--	(559,794)	559,794	--	--	--
Transfer to disposal group held for sale	--	(16,439,597)	(1,889,909)	--	--	(18,329,506)
Disposals	--	(24,091,053)	(15,225,406)	--	--	(39,316,459)
Foreign currency translation differences	--	3,510,973	195,191	29,895	--	3,736,059
Balance as at 31 Dec 2025	**--**	**930,248,680**	**403,687,652**	**14,963,555**	**--**	**1,348,899,887**
Carrying amount						
Balance as at 31 Dec 2024	**14,920,930**	**786,545,238**	**273,029,459**	**1,067,483**	**9,439,285**	**1,085,002,395**
Balance as at 31 Dec 2025	**--**	**729,614,360**	**247,268,142**	**539,189**	**3,717,409**	**981,139,100**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

See accounting policies in Notes 5G and 5M.

Cost	Goodwill*	Software	Key money	Deferred charges	Total
Balance at 31 Dec 2023 (Reclassified)	1,012,387,298	232,855,936	78,490,746	44,264,040	1,367,998,020
Additions	**--**	**6,252,114**	**93,056**	**3,915,577**	**10,260,747**
Transfer to assets classified as held for sale	--	(173,616)	(1,856,577)	(656,075)	(2,686,268)
Disposal of brands	--	(3,685)	(4,559,895)	(2,230,977)	(6,794,557)
Disposals / write off	--	(42,191,871)	179,364	(6,641,017)	(48,653,524)
Foreign currency translation differences	--	(164,344)	(18,640)	980	(182,004)
Balance at 31 Dec 2024	1,012,387,298	196,574,534	72,328,054	38,652,528	1,319,942,414
Additions	--	1,827,010	--	1,415,610	3,242,620
Disposals	--	(17,039,944)	(9,749,829)	(7,657,702)	(34,447,475)
Foreign currency translation differences	--	24,963	17,560	(960)	41,563
Balance at 31 Dec 2025	**1,012,387,298**	**181,386,563**	**62,595,785**	**32,409,476**	**1,288,779,122**
Accumulated amortization and impairment					
Balance at 31 Dec 2023 (Reclassified)	456,150,879	78,018,109	63,786,989	14,272,406	612,228,383
Charge for the year from continuing operation	--	10,705,345	2,215,342	2,922,063	15,842,750
Charge for the year associated with assets classified as held for sale	--	103,165	154,747	376,129	634,041
Impairment charge for the year	95,350,000	--	--	--	95,350,000
Transfer to assets classified as held for sale	--	(56,048)	(1,232,604)	(412,343)	(1,700,995)
Disposal of brands	--	--	(4,206,349)	(1,185,835)	(5,392,184)
Disposals / write off	--	(23,202,033)	(58,031)	(1,019,233)	(24,279,297)
Foreign currency translation differences	--	(200,043)	16	4,677	(195,350)
Balance at 31 Dec 2024	551,500,879	65,368,495	60,660,110	14,957,864	692,487,348
Charge for the year from continuing operation	--	8,359,043	1,780,653	2,203,439	12,343,135
Charge for the year associated with assets classified as held for sale	--	1,445	91,465	34,818	127,728
Impairment charge for the year	120,000,000	--	--	--	120,000,000
Disposals	--	(2,953,881)	(7,747,982)	(2,175,601)	(12,877,464)
Foreign currency translation differences	--	22,649	(3,621)	(927)	18,101
Balance at 31 Dec 2025	**671,500,879**	**70,797,751**	**54,780,625**	**15,019,593**	**812,098,848**
Carrying amount					
Balance at 31 Dec 2024	**460,886,419**	**131,206,039**	**11,667,944**	**23,694,664**	**627,455,066**
Balance at 31 Dec 2025	**340,886,419**	**110,588,812**	**7,815,160**	**17,389,883**	**476,680,274**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

A. THE FOLLOWING IS A LIST OF ALL CASH GENERATING UNITS

	Note	Year	31 December 2025	31 December 2024
Nesk Trading Projects Company Ltd - including Mango brand	(i)	2012 & 2014	160,534,622	280,534,622
Wahba Trading Company Ltd	(ii)	2009	61,437,764	61,437,764
Food Gate Company Ltd	(iii)	2020	88,000,593	88,000,593
Innovative Union Company Ltd	(iii)	2020	30,913,440	30,913,440
Carrying amount			**340,886,419**	**460,886,419**

i. The Group acquired Nesk Trading Projects Company Ltd, which operated fashion retail stores across the Kingdom of Saudi Arabia under franchise rights of international brands including Stradivarius and partial regional operations of Mango, for a cash consideration of ⃁ 730 million, resulting in a net acquisition cost of ⃁ 661.2 million after deducting net cash acquired of ⃁ 68.8 million.

   Subsequently, the Group acquired the remaining fashion retail business and franchise rights of the international brand "Mango" in the Kingdom of Saudi Arabia for a consideration of ⃁ 378 million.

ii. The Group acquired Wahba Trading Company Ltd, which operates retail trading activities, for a total consideration of ⃁ 180 million. The fair value of identifiable net assets acquired amounted to ⃁ 118.6 million, resulting in goodwill of ⃁ 61.4 million at the acquisition date.

iii. The Group acquired Innovative Union Company Ltd and its subsidiary, Food Gate Company Ltd, from a related party. The companies operate food and beverage retail stores across the Kingdom under franchise rights of international brands including Cinnabon. The consideration paid amounted to ⃁ 340 million, while the carrying value of net assets acquired was ⃁ 132.2 million, resulting in goodwill of ⃁ 207.8 million at the acquisition date.

B. IMPAIRMENT TEST

Goodwill is tested annually for impairment by management. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each of the Companies. As a result of the annual impairment assessment, the Group recognized an impairment loss of ⃁ 120 million (2024: ⃁ 95 million). This is related to Nesk which represents part of the "Fashion Retail" reportable segment located in the Kingdom of Saudi Arabia (Note 22).

Key assumptions for the value-in-use calculation are set out below;

	Nesk Projects Trading Company Ltd	Food Gate Company Ltd	Wahba Trading Company Ltd	Innovative Union Company Ltd
Discount rate	13.5%	11.5%	11 %	12.5%
Average annual growth rate for sale	5.6%	3.1%	16.8%	1.9%
Terminal growth rate	2.4%	2.4%	2.4%	2.4%

The discount rates used are pre-zakat and reflect weighted average cost of capital adjusted for leverage and Company specific risks. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

C. SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value-in-use for each cash generating units, any adverse changes in a key assumption would result in a further impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the annual growth rates, terminal growth rates and the discount rates used.

8. INVESTMENT PROPERTY

See accounting policies in Notes 5A and 5M.

Reconciliation of carrying amount	Amount
Cost	
Balance at 31 December 2023	3,516,928
Balance at 31 December 2024	3,516,928
Balance at 31 December 2025	**3,516,928**
Accumulated depreciation and impairment	
Balance at 31 December 2023	2,252,128
Charge for the year	122,400
Balance as at 31 December 2024	**2,374,528**
Charge for the Year	122,400
Balance as at 31 December 2025	**2,496,928**
Carrying amount	
At 31 December 2024	1,142,400
At 31 December 2025	**1,020,000**

Investment property represents an apartment located at unit no. 301, The Pad, Business Bay, Dubai, UAE. The fair value for the apartment has been determined at ⃁ 2.7 million (2024: ⃁ 2.7 million).

9. EQUITY ACCOUNTED INVESTMENT

See accounting policies in Notes 5A and 5M.

	Amount
Balance at 1 January 2024	**64,828,779**
Addition	4,881,676
Share of loss for the year	(23,705,661)
Balance at 31 December 2024	**46,004,794**
Addition	1,881,677
Share of loss for the year and impairment (i)	(17,216,151)
Balance at 31 December 2025	**30,670,320**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

Financial year	31 December 2025	31 December 2024
Assets	289,043,430	303,931,485
Liabilities (including NCI)	(106,730,403)	(155,689,225)
Net Assets	**182,313,027**	**148,242,260**
Percentage ownership interest	50%	50%
Group's share of net assets	**91,156,514**	**74,121,130**
Adjustment	**(60,486,194)**	**(28,116,336)**
Carrying amount	**30,670,320**	**46,004,794**
Revenue	580,453,669	542,002,993
Total comprehensive income	(8,334,574)	(13,185,108)
Group's share of total comprehensive income	**(4,167,287)**	**(6,592,554)**
Impairment (ii)	**(13,048,864)**	**(17,113,107)**
Group's share of total comprehensive income and impairment	**(17,216,151)**	**(23,705,661)**

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

(i) During the year, Group recognized an impairment loss of ⃁ 13 million (2024: ⃁ 17 million).

10. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

See accounting policies in Notes 5K and 5P.

	Equity securities at FVOCI
Balance at 1 January 2024	74,189,014
Changes in fair value	42,034,282
Unrealized currency exchange differences	(31,851,384)
Balance at 31 December 2024	**84,371,912**
Changes in fair value attributable to shareholders of the Company	20,178,485
Changes in fair value attributable to NCI	411,805
Unrealized currency exchange differences	5,351,530
Balance at 31 December 2025	**110,313,732**

During the year ended 31 March 2021, the Group has acquired 8.9% shares in Egyptian centers for real estate development (ECRED) in consideration for the settlement of a receivable from ECRED. The Group has designated the investment at FVOCI at initial recognition.

The Group reassessed the fair value of these shares, recording gain in OCI of ⃁ 20.6 million at 31 December 2025 (31 December 2024: gain ⃁ 42 million), investment in ECRED has been valued at ⃁ 110.3 million (31 December 2024: ⃁ 84.4 million).

The Group has designated this investment at fair value through other comprehensive income at inception because this represents strategic and long-term investment.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

11. SECURITY DEPOSITS

Security deposits consist of refundable amounts paid to landlords for retail premises and to various service providers such as human resource and utilities amounting to ⃁ 15,398,822 as of 31 December 2025 (31 December 2024: ⃁ 17,113,831). These deposits are carried at cost and are expected to be recovered upon the expiration of the respective agreements.

12. RECEIVABLE FROM DISPOSAL OF SUBSIDIARIES

As of 31 December 2024, the Group had disposed off Retail Group of USA and its subsidiary for a total consideration of USD 5.2 million receivables in 8 annual installments starting from 1 January 2025 onwards. Management rights had been transferred by the Group and accordingly, the Group had lost its power to direct the relevant activities of the disposed entities. This financial asset is subject to annual interest rate of 3%.

Retail Group USA and its subsidiary	Note	31 December 2025	31 December 2024
Current Portion	14	3,896,482	982,590
Non-current portion		15,941,958	18,672,904
		19,838,440	**19,655,494**

13. INVENTORIES

See accounting policy in Note 5I.

	Note	31 December 2025	31 December 2024
Finished goods			
- Available for sale		656,617,262	672,987,145
- Goods in transit		48,807,499	36,050,912
- Consumables		9,791,563	8,056,457
Gross inventories		**715,216,324**	**717,094,514**
Allowances for inventory	(i)	(121,022,675)	(79,080,993)
Net inventories		**594,193,649**	**638,013,521**

(i) Movement in allowances for inventory is as follows:

	31 December 2025	31 December 2024
Opening balance	79,080,993	33,784,240
Charge for the year	65,382,108	56,447,744
Written off	(20,921,124)	(5,000,022)
Transfer to asset classified as held for sale	(3,541,999)	(5,709,317)
Foreign currency translation differences	1,022,697	(441,652)
Closing balance	**121,022,675**	**79,080,993**
Inventories directly written off to profit or loss	**15,313,008**	**3,243,144**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

14. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

See accounting policies in Notes 5K and 5L.

	Note	31 December 2025	31 December 2024
Receivables due from related parties		5,208,827	15,338,911
Prepayments			
Tax advances		16,945,184	21,111,782
Prepaid guarantee fee		6,813,333	--
Prepaid insurance		2,563,284	3,450,605
Others- prepayments		9,858,784	10,438,333
		36,180,585	35,000,720
Other receivables			
- Receivable from credit card and wholesale		51,829,918	42,986,437
- Receivable from online marketplaces		43,478,407	33,543,436
- Advances to suppliers		30,575,732	55,528,913
- Custom refund receivable		12,138,005	10,235,313
- Employees' receivables		7,936,856	10,867,675
- Margin on letters of credit and guarantee		7,340,217	7,016,652
- Receivable from disposal of Retail Group USA – current portion	12	3,896,482	982,590
- Receivable from disposal of brands		1,532,038	2,220,497
- Receivable from human resources development fund		--	4,365,635
- Margin compensation receivable		--	1,970,767
- Others		20,276,333	6,443,459
		179,003,988	**176,161,374**
Deduct: expected credit loss		(65,609,147)	(29,799,172)
Total advances, prepayments and other receivables		**154,784,252**	**196,701,833**

15. CASH AND CASH EQUIVALENTS

See accounting policy in Note 5J.

	31 December 2025	31 December 2024
Bank balances	225,276,051	237,183,226
Cash in hand	18,723,828	19,028,308
Cash and cash equivalents	**243,999,879**	**256,211,534**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

16. LOANS AND BORROWINGS

See accounting policies in Note 5N.

	Notes	31 December 2025	31 December 2024
Islamic facility with Saudi National Bank	(i)	--	1,487,386,027
Islamic facility with Al Riyadh Bank	(ii)	--	150,000,000
Islamic banking facilities of international subsidiary (Nesk Trading Projects LLC-Jordan)	(iii)	--	5,831,109
Banking Facilities of international subsidiary (Logistics Fashion Trading DWC-LLC-United Arab Emirates)	(iv-1)	--	24,837,240
Banking Facilities of international subsidiary (Logistics Fashion Trading DWC-LLC-United Arab Emirates)	(iv-2)	--	93,700,166
Banking Facility of international subsidiary (Retail Group Azerbaijan LLC)	(v-1)	--	22,089,684
Banking Facility of international subsidiary (Retail Group Georgia LLC)	(v-2)	18,864,362	31,910,525
Banking Facility of international subsidiary (Retail Group Georgia LLC)	(v-3)	--	7,830,804
Banking Facilities of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v-4)	6,354,426	5,303,120
Banking Facilities of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v-5)	2,020,970	6,281,236
Banking Facility of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v-6)	7,449,030	7,449,030
Banking facility with Emirates NBD local bank	(vi)	1,574,019,847	--
		1,608,708,635	**1,842,618,941**
Loans and borrowings - current liabilities		**34,688,785**	**1,760,169,911**
Loans and borrowings - non-current liabilities		**1,574,019,850**	**82,449,030**
		1,608,708,635	**1,842,618,941**

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 26.

i. The Group signed a long-term Murabaha financing agreement with a Saudi National Bank as a Murabaha Investment Agent and Murabaha Participants, amounting to ⃁ 2,400 million and USD 166 million on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility was for a period of seven years. As of 15 September 2025, the loan was fully settled.

ii. During 2022, the Group signed a Murabaha term financing agreement with a Riyad Bank amounting to ⃁ 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. As of 15 September 2025, the loan was fully settled.

iii. During year 2019 and 2020, the Group's international subsidiaries, Retail Group Jordan Co. LDT and Nesk Trading Projects LLC obtained the revolving and overdraft facilities from Bank Al Etihad amounted to Jordan Dinar 2.2 million. As of 31 December 2025, there was no outstanding balance under these facilities.

iv. **1**. On 20 April 2023, the Group's international subsidiary, Logistics Fashion Trading DWC-LLC-United Arab Emirates obtained the loan from TBC Bank of Georgia amounted to US$ 15 million (equivalent to ⃁ 56.2 million), to support their operations. The facility is repayable in semi-annual installments commencing after 6 months from the date of signing the agreement. The interest rate on this facility was 9.96% on loan taken in USD. The facility was fully settled on 15 September 2025.

2. On 20 July 2023, the Group's international subsidiary, Logistics Fashion Trading DWC-LLC-United Arab Emirates obtained the loan from JSC Bank of Georgia amounted to USD 25 million (equivalent to ⃁ 93.7 million), to support their operations. The facility is repayable in semi-annual installments commencing after six months from the date of signing the agreement. The interest rate on this facility was 9.62% on loan taken in USD. The loan was fully settled on 15 September 2025.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

v. **1.** On 12 September 2024, the Group's international subsidiary, Retail Group Azerbaijan LLC obtained the loan from Pasha Bank Azerbaijan amounted to AZN 10 million (equivalent to ⃁ 22 million), to support their operations and the facility is repayable in monthly installments commencing one month after the signing date. The loan carries an interest rate of 12% on the USD-denominated portion. As of 31 December 2025, there was no outstanding balance under this facility.

2. During 2023 and 2025, the Group's international subsidiary, Retail Group Georgia LLC obtained the credit facilities from TBC Bank of Georgia amounted to EUR 9.6 million (equivalent to ⃁ 42.3 million), to finance working capital. The facility carries an interest rate on this facility was 8.9% on loan taken in Euro.

3. On 20 September 2023, the Group's international subsidiary, Retail Group Georgia LLC obtained the credit facility from JSC Bank of Georgia amounted to Euro 2 million (equivalent to ⃁ 8.2 million), to support their operations, as of 31 December 2025, there was no outstanding balance under this facility.

4. On 23 September 2023, the Group's international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facilities from Pasha Bank amounted to AZN 10 million (equivalent to ⃁ 22 million), to support their operations. The facility carries an interest rate on this facility was 12%.

5. On 19 July 2024, the Group's international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facilities from SQB Bank amounted to EUR 3 million (equivalent to ⃁ 11.7 million), to support their operations. The facility carries an interest rate on this facility was 12%.

6. During 2024, the Group's international subsidiary, Retail Group Global LLC - Uzbekistan obtained the credit facility from METROPOL Group amounted to UZS 24.8 billion (equivalent to ⃁ 7.4 million), to support their operations. The facility carries an interest rate on this facility was 11.5%. The original maturity date of loan was on 27 January 2026, then it was rescheduled subsequently to 27 July 2026.

vi. On 14 September 2025, AFG International Company entered into a % 1,600 million credit facility agreement with Emirates NBD Bank - Kingdom of Saudi Arabia. The facility consists of a short-term loan with a 90-day maturity, intended to be refinanced into a three-year term loan, with an option to extend for an additional two years at the bank's discretion, subject to execution of the relevant agreements. The loan carries an interest rate of 3-month SAIBOR plus 1%. The facility is intended for the settlement of existing bank debts. Guarantees include a promissory note from the Company and a corporate guarantee from Al Futtaim Private Company LLC, which is considered a related party due to its affiliation with Al Futtaim Retail Company, the intermediate parent company following the completion of a private share purchase transaction on 15 September 2025.

Subsequently, on 14 December 2025, the Group finalized the refinancing arrangements and converted the facility from a short term loan into a long term loan in accordance with the terms originally contemplated in the agreement. The loan carries an interest rate of 3-month SAIBOR plus 1.2%.

17. SHAREHOLDER'S LOAN

	31 December 2025	31 December 2024
Shareholder's Loan	1,378,476,561	---

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

On 14 September 2025 the Company entered into a ⃁ 1,350 million shareholder's loan through a tri-party agreement with Al Futtaim Private Company LLC (an intermediate parent of Al Futtaim Retail Company), where Al Futtaim Private Company LLC is defined in the agreement as "the lender" and Al Futtaim Retail Company as "the Purchaser of the Company's shares". The loan was extended pursuant to the terms of the share purchase agreement of the special transaction (note 21). The loan carries an interest rate of 3-month SAIBOR plus 3.6%, with interest capitalized every three months, repayment is due at the earlier of five years from the disbursement date or three months after the completion date of the special transaction (note 21), at the lender's discretion. The facility is intended to support the Company's financial position and settle existing obligations. The agreement includes an option for the lender to convert the outstanding loan amounts into equity, subject to the approval of the regulatory bodies and shareholders.

18. TRADE AND OTHER PAYABLES

See accounting policy in Note 5R.

	31 December 2025	31 December 2024
Trade payables		
Trade payables to suppliers	310,157,906	501,245,245
Trade payables to rental vendors	227,335,784	148,290,135
	537,493,690	**649,535,380**
Other payables		
Contractors and others	102,897,411	174,253,161
Employees' salaries and benefits	22,687,893	20,858,202
Royalty	21,079,093	--
VAT payable	11,847,890	335,935,022
Due to related parties	--	416,731,960
	158,512,287	**947,778,345**
Accrued expenses		
Non-trade accruals	57,539,800	53,222,604
Deferred income from landlord	54,969,213	74,691,403
Advance collection from customers	21,788,553	14,581,695
Accrued rentals	20,478,280	3,456,276
Government duties	7,474,290	1,178,252
Finance cost - accruals	6,218,468	46,475,406
Withholding tax	11,452,557	11,940,727
Other accruals and other liabilities	23,889,493	36,215,269
	203,810,654	**241,761,632**
Trade and other payables	**899,816,631**	**1,839,075,357**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

19. EMPLOYEES' BENEFITS

See accounting policy in Note 5S.

The Group operates unfunded defined benefit plans for its permanent employees as required by the Saudi Arabia Labor Law and in accordance with the local statutory requirements of the foreign subsidiaries. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment.

A. Movement in employees' benefits liability

	31 December 2025	31 December 2024
Opening balance	**74,833,731**	**89,333,116**
Included in profit or loss		
Current service cost	11,250,724	15,275,701
Interest cost	4,407,006	4,432,316
	15,657,730	**19,708,017**
Included in OCI		
Actuarial loss / (gain) arising from		
– financial assumptions	(874,890)	(2,940,481)
– other assumptions and experience adjustments	1,360,686	2,432,867
	485,796	**(507,614)**
Other		
Benefits paid	(7,528,536)	(30,240,855)
Transfer to asset classified as held for sale	(282,588)	(3,458,933)
Closing balance	**83,166,133**	**74,833,731**

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

Economic assumptions	31 December 2025	31 December 2024
Gross discount rate	5.60%	5.50%
Price inflation	2.00%	2.00%
Salary growth rate	3.00%	3.00%
Employees' assumptions	31 December 2025	31 December 2024
Number of employees	4,107	4,637
Average age of employees (years)	34.16	33.6
Average years of past service	5.60	5.0

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

C. Sensitivity analysis

The sensitivity of the defined benefit obligations to changes in the principal assumptions is as follows:

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	7,774,518	(7,435,617)	7,477,806	(6,432,808)
Discount rate (1% movement)	(7,215,476)	7,641,499	(6,115,299)	7,218,660

20. ZAKAT AND TAX LIABILITIES

See accounting policy in Note 5T.

A. Amounts recognized in profit or loss and financial position

Recognized in profit or loss	Note	31 December 2025	31 December 2024
Current year zakat charge	20B	5,044,022	36,986,395
Current year income tax charge	20C	46,068,287	23,615,994
		51,112,309	**60,602,389**

Recognized in financial position	Note	31 December 2025	31 December 2024
Income tax	20C	6,674,847	(95,388)
Zakat	20B	--	99,324,253
		6,674,847	**99,228,865**

B. Zakat

i. Movement in zakat liability is as follows:

	31 December 2025	31 December 2024
Opening balance	99,324,253	85,054,391
Zakat charge		
- Current year	--	--
- Prior years – charge	5,044,022	36,986,395
Net charge during the year	5,044,022	36,986,395
Paid	(104,368,275)	(22,716,533)
Closing balance	**--**	**99,324,253**

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

ii. Computation of zakat charge is as follows:

	31 December 2025	31 December 2024
Shareholders' equity and other payables	1,843,977,601	2,414,561,887
Adjusted net income	(424,175,218)	(197,463,333)
Deductions and other adjustments	(2,873,938,478)	(3,210,789,284)
Zakat base	(1,454,136,095)	(796,227,397)
Zakat at 2.5% (higher of adjusted net income or Zakat base)	**--**	**--**

iii. Status of zakat assessments is as follows:

The Company has obtained Zakat certificates from ZATCA for all fiscal years up to and including 2024.
Zakat assessments for all years up to and including 2024 have been finalized, with no outstanding liabilities from prior years.

C. Income tax

i. Movement in income tax is as follows:

	31 December 2025	31 December 2024
Opening balance	(95,388)	1,522,208
Current year income and deferred tax charge	46,068,287	23,615,994
Paid	(39,298,052)	(25,233,590)
Closing balance	**6,674,847**	**(95,388)**

ii. Status of income tax assessments is as follows:

The income tax returns for subsidiaries in Egypt, Azerbaijan, Kazakhstan, Jordan, Armenia, UAE and Uzbekistan Countries have been filed up to 31 December 2024 and Georgia up to 31 December 2025.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. As at 31 December 2025, there are no pending adverse assessments relating to income tax in any of the subsidiaries. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

21. SHARE CAPITAL

The Company's share capital as at 31 December 2025, and 31 December 2024 is as below:

	31 December 2025			31 December 2024		
	No. of shares	Par value	Total	No. of shares	Par value	Total
Ordinary share capital	114,766,448	10	1,147,664,480	114,766,448	10	1,147,664,480

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

The Company underwent changes in its shareholding's structure, where it has received on 20 July 2025 a notice from the following major shareholders: Fawaz bin Abdulaziz Alhokair, Abdul Majid bin Abdulaziz Alhokair, Salman bin Abdulaziz Alhokair, FAS Saudi Holding Company, and; FAS Real Estate Company ("the selling shareholders") that they have entered into a special transaction to sell a majority of their stake in the Company through a share purchase agreement to Al Futtaim Retail Company - a limited liability Company (the acquiring entity) equivalent to 57,325,841 shares, representing 49.95% of the total share capital of the Company, at a total purchase price of ⃁ 2,522,337,004 (a purchase price of ⃁ 44 per share). The Company also received a notice from Al Futtaim Retail Company confirming completion of the special transaction on 15 September 2025.

22. OPERATING SEGMENTS

See accounting policy in Note 5Y.

A. 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 segments:

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

Geographical information

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

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

B. Information about reportable segments and geographical information

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

	Reportable segments					Geographical segments			
	Fashion retail	Electronics	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in ⃁ 000					Amount in ⃁ 000			
31 December 2025									
Consolidated profit or loss									
Sales	4,285,627	494,867	323,362	-	5,103,856	3,518,883	1,584,973	-	5,103,856
Depreciation and amortization	(112,043)	(3,183)	(17,332)	-	(132,558)	(111,163)	(21,395)	-	(132,558)
Impairment loss on goodwill	(120,000)	-	-	-	(120,000)	(120,000)	-	-	(120,000)
Finance charges	(281,354)	(4,262)	(4,088)	-	(289,704)	(258,972)	(30,732)	-	(289,704)
Net (Loss) / profit from continuing operations	(420,125)	8,706	(37,141)	-	(448,560)	(553,107)	104,547	-	(448,560)
31 December 2025									
Consolidated financial position									
Non-current assets	6,263,117	87,925	180,121	(3,531,512)	2,999,651	6,029,921	501,242	(3,531,512)	2,999,651
Current assets	988,562	63,170	(58,754)	-	992,978	780,734	212,244	-	992,978
Total liabilities exc. Liabilities of AHFS	**(5,137,271)**	**(135,784)**	**(180,456)**	**-**	**(5,453,511)**	**(5,055,703)**	**(397,808)**	**-**	**(5,453,511)**

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

	Fashion retail	Electronics	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in ⃁ 000					Amount in ⃁ 000			
31 December 2024									
Consolidated Profit or loss									
Sales	4,024,251	494,740	328,152	-	4,847,143	3,512,462	1,334,681	-	4,847,143
Depreciation and amortization	(115,327)	(2,169)	(18,491)	-	(135,987)	(118,096)	(17,891)	-	(135,987)
Impairment loss on goodwill	(74,850)	-	(20,500)	-	(95,350)	(95,350)	-	-	(95,350)
Finance charges	(285,837)	(3,620)	(7,566)	-	(297,023)	(253,063)	(43,960)	-	(297,023)
Net (loss) / profit from continuing operations	(150,105)	21,586	(23,646)	-	(152,165)	(254,966)	102,801	-	(152,165)
31 December 2024									
Consolidated financial position									
Non-current assets	6,427,066	88,865	223,537	(3,396,305)	3,343,163	6,264,534	474,934	(3,396,305)	3,343,163
Current assets	1,035,138	80,500	(24,711)	-	1,090,927	749,727	341,200	-	1,090,927
Total liabilities exc. Liabilities of AHFS	**(5,040,125)**	**(137,936)**	**(232,713)**	**-**	**(5,410,774)**	**(4,866,108)**	**(544,666)**	**-**	**(5,410,774)**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

23. REVENUE

See accounting policy in Note 5C.

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:

	For the year ended 31 December 2025		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,595,925,541	1,559,694,759	4,155,620,300
Footwear & accessories	75,210,966	24,238,432	99,449,398
Others	29,793,838	763,881	30,557,719
Fashion retail	2,700,930,345	1,584,697,072	4,285,627,417
Food & beverages	323,086,111	275,617	323,361,728
Electronics	494,867,352	-	494,867,352
Total revenue	**3,518,883,808**	**1,584,972,689**	**5,103,856,497**

	For the year ended 31 December 2024		
	Kingdom of Saudi Arabia	International Countries	Total
Apparels	2,565,844,545	1,305,762,277	3,871,606,822
Footwear & accessories	86,557,673	22,881,640	109,439,313
Others	37,528,510	5,676,983	43,205,493
Fashion retail	2,689,930,728	1,334,320,900	4,024,251,628
Food & beverages	327,791,323	360,482	328,151,806
Electronics	494,740,000	--	494,740,000
Total revenue	**3,512,462,051**	**1,334,681,382**	**4,847,143,434**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

24. INCOME AND EXPENSES

A. COST OF REVENUE

See accounting policy in Note 5E.

	For the year ended	
	31 December 2025	31 December 2024
Cost of sales*	3,459,302,614	3,256,037,608
Employees' salaries and benefits	426,766,518	423,610,040
Depreciation on right-of-use asset	271,589,461	303,654,478
Rent expense	141,331,861	82,214,786
Depreciation on property and equipment	102,599,069	94,973,273
Utilities and maintenance	53,832,654	59,102,073
Government fees and related charges	13,950,694	13,775,910
Insurance	11,254,113	10,982,705
Travelling	8,091,290	7,406,038
Bank charges	4,212,076	5,514,735
Amortization on intangible assets	1,399,826	1,522,249
Others	29,941,065	22,705,470
	4,524,271,241	**4,281,499,365**

* Cost of sales include a charge for inventory provision of ⃁ 65 million (2024: ⃁ 56 million). Further, it also includes a charge of ⃁ 15.3 million (2024: ⃁ 3.2 million) relating to write-down of inventories to net realizable value which were recognized directly as an expense and not routed through the inventory provision

B. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended	
	31 December 2025	31 December 2024
Employees' salaries and benefits	124,089,073	127,544,695
Professional fee	61,482,206	44,555,890
Stationery and supplies	31,635,415	27,831,678
Expected credit loss	34,897,110	24,013,772
Travel and communication	15,501,031	20,144,149
Depreciation on property and equipment	11,363,937	18,846,225
Amortization on intangible assets	9,020,701	12,726,619
Bank charges	7,594,164	14,537,751
Rent	5,534,516	17,139,195
Depreciation on right-of-use asset	4,548,988	4,500,177
Government fees and related charges	3,146,985	3,182,014
Insurance	2,460,019	1,374,850
Utilities and maintenance	2,439,982	3,240,321
Advertising and publishing	497,998	331,543
Depreciation on investment properties	122,400	122,400
Others	12,773,761	21,182,408
	327,108,286	**341,273,687**

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

C. SELLING AND DISTRIBUTION EXPENSES

	For the year ended	
	31 December 2025	31 December 2024
Employees' salaries and benefits	51,918,990	49,059,782
Advertising and promotions	40,105,593	43,813,135
Freight and distribution charges	12,444,844	14,935,538
Bank charges	10,621,842	14,571,418
Depreciation on property and equipment	6,251,736	6,358,901
Depreciation on right-of-use asset	3,422,606	3,506,570
Travel	3,303,209	2,976,815
Rent expense	2,253,033	1,474,069
Amortization on intangible assets	1,922,608	1,559,384
Utilities and maintenance	1,209,482	1,360,847
Others	4,466,286	7,340,875
	137,920,229	**146,957,334**

D. OTHER OPERATING EXPENSE

	For the year ended	
	31 December 2025	31 December 2024
Property, equipment and intangibles write-off	57,941,299	41,504,595
Foreign exchange	59,314,338	--
Tax expense	50,593,968	--
Losses from disposal of investment in subsidiary	--	1,307,461
Loss on lease termination	--	1,106,641
Provision expense	--	(36,074,477)
Others	5,352,504	2,776,616
	173,202,109	**10,620,836**

E. OTHER OPERATING INCOME

		For the year ended	
	Note	31 December 2025	31 December 2024
Income from owners of new malls		32,594,390	18,701,479
Gain on disposal of brands	33A	19,001,491	210,246,153
Income from sub-franchise, net		12,736,426	13,576,833
Gain on lease termination		6,768,996	--
Foreign exchange gain		--	4,686,202
Others		17,015,882	10,514,082
		88,117,185	**257,724,749**

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

F. FINANCE COSTS OVER LOANS AND BORROWINGS

	For the year ended	
	31 December 2025	31 December 2024
Financial charges over loans and borrowings	179,244,279	187,028,291
Amortization of upfront fees	9,838,930	1,858,098
	189,083,209	**188,886,389**

25. EARNINGS PER SHARE

See accounting policy in Note 5V.

The calculation of basic and diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. There is no dilutive potential ordinary shares resulting from shareholder's loan (note 17), which includes an option to convert the outstanding loan into equity, as no conversion price was determined within the loan agreement.

A. Basic and Diluted earnings per share

Basic and diluted (Loss) per share for continuing operations

		For the year ended	
	Note	31 December 2025	31 December 2024
Loss attributable to ordinary shareholders		(457,325,627)	(158,239,887)
Weighted average number of ordinary shares	21	114,766,448	114,766,448
Basic and diluted loss per share		(3.98)	(1.38)

Basic and diluted (Loss) per share for discontinued operations

		For the year ended	
	Note	31 December 2025	31 December 2024
Loss attributable to ordinary shareholders		(48,181,333)	(45,298,691)
Weighted average number of ordinary shares	21	114,766,448	114,766,448
Basic and diluted loss per share		(0.42)	(0.39)

Basic and diluted (Loss) per share

		For the year ended	
	Note	31 December 2025	31 December 2024
Loss attributable to ordinary shareholders		(505,506,960)	(203,538,578)
Weighted average number of ordinary shares	21	114,766,448	114,766,448
Basic and diluted loss per share		(4.40)	(1.77)

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

B. Reconciliation of loss used in calculation loss per share

	For the year ended 31 December 2025	For the year ended 31 December 2024
Loss from continuing operations as presented in the statement of profit or loss	(448,560,402)	(152,164,643)
Less: profit from continuing operations attributable to NCI	(8,765,225)	(6,075,244)
Loss from continuing operations attributable to shareholders of the Company used in calculating basic and diluted loss per share	**(457,325,627)**	**(158,239,887)**
Loss from discontinued operations	**(48,181,333)**	**(45,298,691)**
Loss attributable to shareholders of the Company used in calculating basic and diluted loss per share	**(505,506,960)**	**(203,538,578)**

26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

See accounting policies in Notes 5K, 5L, 5P.

A. Accounting classification and fair values

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

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

31 December 2025	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
FVOCI – equity instruments					
Egyptian Centers for Real Estate Development (ECRED)	**110,313,732**	--	--	**110,313,732**	**110,313,732**

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

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

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	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. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: • the expected cash flows were higher (lower); or • the risk-adjusted discount rate was lower (higher).

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Capital management risk

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

i. 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:

	Note	31 December 2025	31 December 2024
Cash at banks	15	225,276,051	237,183,226
Receivable from disposal of subsidiaries		15,941,958	18,672,904
Security deposits		15,398,822	17,113,831
Advances and other receivables		88,027,935	106,172,200
		344,644,766	**379,142,161**

Credit risk on receivable and bank balances is limited as:

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

Group's receivables are mainly short term in nature and are not exposed to significant credit risks.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

ii. 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.

The table below summarizes the contractual maturities of financial liabilities at the end of the reporting period. These amounts are grossed up and undiscounted and include estimated interest payments.

		Contractual cash flow		
Financial Liabilities	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
31 December 2025				
Loans and borrowings	2,987,185,196	130,889,378	3,813,878,694	--
Lease liabilities	1,476,667,801	269,720,564	777,570,463	1,003,715,465
Trade and other payables	899,816,631	899,816,631	--	--
	5,363,669,628	1,300,426,573	4,591,449,157	1,003,715,465
31 December 2024				
Loans and borrowings	1,842,618,941	814,459,000	1,218,862,793	--
Lease liabilities	1,555,017,114	398,154,110	689,573,015	1,105,774,618
Trade and other payables	1,839,075,357	1,839,075,357	--	--
	5,236,711,412	3,051,688,467	1,105,774,618	1,105,774,618

iii. 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.

Currency risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that's not the Group entities' functional currencies which are Euros, U.S. dollars, Great Britain Pound, United Arab Emirate Dirham and Egyptian Pound. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements.

At the end of the year, the Group had the following significant net currency exposures in foreign currencies. Presented below are the monetary assets and liabilities, net in foreign currencies:

Foreign currency exposures	31 December 2025	31 December 2024
EUR	(46,065,271)	(95,756,261)
USD	(26,817,475)	(34,632,564)
GBP	(204,904)	599,121
UAE Dirham	(1,798,735)	(1,521,355)
SGD	(3,842)	(392,892)

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR	4.23	4.03	4.41	3.91
USD	3.76	3.76	3.76	3.76
GBP	4.93	4.74	5.06	4.72
UAE Dirham	1.02	1.02	1.02	1.02
EGP	0.08	0.08	0.08	0.07

Sensitivity analysis

The table below shows the non-pegged currencies to which the Group has a significant exposure on its monetary assets and liabilities. The analysis calculates the effect of reasonable possible movement of the currency rate against ⃁, with all other variables held constant, on the consolidated statement of profit or loss.

		Currency movement vs. Saudi Riyal			
		31 December 2025		31 December 2024	
Foreign currency	Change in currency	Strengthening	Weakening	Strengthening	Weakening
EUR	+/- 10%	(20,308,000)	20,308,000	(37,460,000)	37,460,000
GBP	+/- 10%	(104,000)	104,000	283,000	(283,000)
UAE Dirham	+/- 10%	(183,516)	183,516	(155,439)	155,439
		(20,595,516)	**20,595,516**	**(37,299,439)**	**37,299,439**

As the Saudi Riyal is pegged to US Dollar, the Group is not exposed to significant currency risk arising out of US Dollar.

Interest rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Credit facilities amounting to ⃁ 2,986 million at 31 December 2025 (2024: ⃁ 1,842 million) bear financing cost charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts.

Sensitivity analysis

The following table demonstrates the sensitivity of the income to reasonable possible changes in the commission rates, with all other variables held constant.

	Currency	Increase / decrease in basis points of commission rates	Effect on income for the period / year
31 December 2025	⃁	+30	(9,255,203)
	⃁	-30	9,255,203
31 December 2024	⃁	+30	(6,640,052)
	⃁	-30	6,640,052

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

iv. Capital management risk

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

The Group's objectives when managing capital are;

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

v. Financial instruments

As at 31 December 2025 and 2024, some financial assets of the Group are categorized as held at amortized cost and others at FVTOCI, while all financial liabilities of the Group are categorized as held at amortized cost.

The breakdown of these financial assets and liabilities is as follows:

Financial Assets	31 December 2025	31 December 2024
(i) Amortized Cost		
Security deposits	15,398,822	17,113,831
Receivable from disposal of subsidiaries	15,941,958	18,672,904
Advances, prepayments and other receivables	88,027,935	106,172,200
Cash and cash equivalents	243,999,879	256,211,534
(ii) FVTOCI		
FVTOCI – equity instruments (ECRED)	110,313,732	84,371,912
Financial Liabilities		

Financial Liabilities	31 December 2025	31 December 2024
(i) Amortized cost		
Loans and borrowings	1,608,708,635	1,842,618,941
Shareholder's loan	1,378,476,561	--
Lease liabilities	1,476,667,801	1,555,017,114
Trade and other payables	823,058,865	1,749,802,259

For the purposes of IFRS 7 financial instruments disclosures, amounts relating to non-financial assets and non-financial liabilities totaling ⃁ 66.76 million and ⃁ 76.76 million, respectively (2024: ⃁ 90.53 million and ⃁ 89.27 million, respectively), have been excluded from advances, prepayments and other receivables and trade and other payables. These amounts primarily comprise prepayments and advances to suppliers, and advances from customers and deferred income from landlords, which do not meet the definition of financial instruments under IFRS.

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

27. NON-CONTROLLING INTERESTS (NCI)

See accounting policy in Note 5A.

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

Balance at 31 December 2025	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Egypt	Food Gate Company*	Uzbekistan	Total
NCI percentage	**15%**	**4%**	**2%**	**30%**	**20%**	
Non-current assets	113,534,074	59,093,139	116,535,532	25,400,998	27,386,564	341,950,307
Current assets	56,880,247	82,716,388	17,393,214	23,022,737	26,763,636	206,776,222
Non-current liabilities	(48,926,221)	(44,723,690)	(4,433,877)	(23,060,683)	(3,931,272)	(125,075,743)
Current liabilities	(33,549,531)	(10,998,622)	(6,084,247)	(83,305,323)	(37,826,318)	(171,764,041)
Net assets	**87,938,569**	**86,087,215**	**123,410,622**	**(57,942,271)**	**12,392,610**	**251,886,745**
Net (liabilities) / assets attributable to NCI	**(1,807,962)**	**3,269,388**	**(4,762,424)**	**(4,569,991)**	**2,478,521**	**(5,392,468)**
Revenue	392,211,853	225,967,115	20,115,358	95,198,258	179,735,234	913,227,818
Profit / (loss)	**24,625,801**	**19,106,708**	**(8,239,043)**	**9,048,055**	**8,787,261**	**53,328,782**
Profit / (loss) allocated to NCI	**3,693,870**	**764,268**	**(164,782)**	**2,714,416**	**1,757,453**	**8,765,225**
Total comprehensive income allocated to NCI	**3,687,251**	**869,081**	**378,782**	**2,714,416**	**1,754,806**	**9,404,336**
Additional capital contribution by NCI	--	--	--	--	**34,427**	**34,427**
Dividend payable reversed	--	--	--	**10,097,646**	--	**10,097,646**

See accounting policy in Note 5A.

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

Balance at 31 December 2024	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Egypt	Food Gate Company*	Uzbekistan	Total
NCI percentage	15%	4%	2%	30%	20%	
Non-current assets	106,869,827	58,830,092	94,631,526	25,400,998	37,083,257	322,815,700
Current assets	67,908,842	55,294,959	26,130,368	23,022,737	11,996,598	184,353,504
Non-current liabilities	(53,226,019)	(45,076,915)	(4,930,429)	(23,060,683)	(5,026,739)	(131,320,785)
Current liabilities	(58,195,753)	(4,687,950)	(9,023,845)	(83,305,323)	(40,606,558)	(195,819,429)
Net assets	63,356,897	64,360,186	106,807,620	(57,942,271)	3,446,558	180,028,990
Net (liabilities) / assets attributable to NCI	(5,495,213)	2,400,306	(5,141,205)	(17,382,077)	689,312	(24,928,877)
Revenue	335,231,215	186,683,157	32,909,954	115,445,619	132,499,837	802,769,782
Profit / (loss)	32,672,437	13,612,812	(5,809,568)	(2,301,686)	7,182,814	45,356,809
Profit / (loss) allocated to NCI	4,900,866	544,512	(116,191)	(690,506)	1,436,563	6,075,244
Total comprehensive income allocated to NCI	**4,929,532**	**587,892**	**(227,859)**	**(690,506)**	**1,436,244**	**6,035,303**
Dividend paid to NCI	**3,333,000**	--	--	--	--	**3,333,000**

* This subsidiary is 70% owned through a wholly owned subsidiary of the Group, Innovative Union Company

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

28. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

See accounting policy in Note 5X.

The Group leases stores and warehouses (property leases). The leases typically run for a period from 1 to 10 years, with an option to renew the lease after that date. Information about leases for which the Group is a lessee is presented below.

A. RIGHT-OF-USE ASSETS

	Note	31 December 2025	31 December 2024
Balance at beginning of the year		1,463,399,941	2,044,680,531
Adjustment for reassessment		134,183,397	(59,174,563)
Additions		100,058,252	200,758,830
Adjustment for termination		(18,129,358)	(215,482,350)
Depreciation for the year from continuing operation		(279,561,055)	(311,661,226)
Depreciation for the year from assets classified as held for sale		(8,205,716)	(64,026,622)
Transfer to assets classified as held for sale	35	(28,540,003)	(111,550,245)
Foreign currency translation differences		5,281,367	(16,649,163)
Disposal of subsidiary		--	(3,495,251)
Balance at ending of the year		**1,368,486,825**	**1,463,399,941**

B. LEASE LIABILTIES

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

	31 December 2025	31 December 2024
Non-current portion of lease liabilities	1,258,165,819	1,193,527,009
Current portion of lease liabilities	218,501,982	361,490,105
Balance at ending of the year	**1,476,667,801**	**1,555,017,114**

	Note	31 December 2025	31 December 2024
Balance at beginning of the year		1,555,017,114	2,134,259,647
Finance cost from continuing operations		100,620,550	95,495,086
Finance cost associated with assets classified as held for sale		3,211,709	11,265,877
Additions		100,058,252	200,758,830
Adjustment for termination		(17,205,840)	(233,591,195)
Adjustment for reassessment		130,994,302	(45,622,627)
Liquidation of subsidiaries		--	(37,213,221)
Foreign currency translation differences		7,516,538	(22,695,491)
Payment of lease liability		(371,000,766)	(428,649,483)
– principal		(267,168,507)	(321,888,520)
– Finance cost from continuing operations		(100,620,550)	(95,495,086)
– Finance cost associated with assets classified as held for sale		(3,211,709)	(11,265,877)
Transfer to liabilities relating to assets classified as held for sale	35	(32,544,058)	(118,990,309)
Balance at ending of the year		**1,476,667,801**	**1,555,017,114**

AFG International Company (A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2025
(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

C. AMOUNTS RECOGNIZED IN PROFIT OR LOSS

	For the year ended 31 December 2025	31 December 2024
Depreciation of right-of-use assets for the year from continuing operation	279,561,055	311,661,226
Depreciation of right-of-use assets for the year from discontinuing operations	8,205,716	64,026,622
Finance cost from continuing operations	100,620,550	95,495,086
Finance cost associated with assets classified as held for sale	3,211,709	11,265,877
Expenses relating to short-term / variable rent leases	149,119,410	100,828,051

29. COMMITMENTS

As at the reporting date, the Group is committed to capital expenditures of ⃁ 8.7 million (2024: ⃁ 33.85 million) to purchase property and equipment.

30. CONTINGENCIES

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

Type	Nature	31 December 2025	31 December 2024
Letter of credits	Purchase of retail trading inventory	106,368,671	137,907,545
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	548,372,555	412,988,139

31. RELATED PARTIES

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

The Ultimate Parent Company is Al Futtaim Group LLC domiciled in United Arab Emirates, which is the sole shareholder of Al Futtaim Retail Company (the direct parent / intermediate parent to the Company) domiciled in Saudi Arabia (Note 21), and Al Futtaim Private Limited Company LLC (an intermediate parent of Al Futtaim Retail Company) domiciled in United Arab Emirates.

A. KEY MANAGEMENT PERSONNEL AND BOD COMPENSATION

Key management personnel compensation is comprised as follows:

	31 December 2025	31 December 2024
Salaries and short-term benefits	21,345,591	15,082,701
Post-employment benefits	4,715,778	2,193,514
Board of Directors and board committees' remuneration and compensation	3,237,300	3,812,387
Total key management compensation	**29,298,669**	**21,088,602**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

B. OTHER RELATED PARTY TRANSACTIONS

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

Name of related party	Relationship	Nature of transaction	For the year ended 31 December 2025	31 December 2024
Egyptian Center for Real Estate Development	Investee	Rental	655,801	1,115,972
Al Farida Trading Agencies*	Affiliate	Services / payment made on behalf of Company	--	9,321,948
		Payment / Settlement made	--	26,108,448
Saudi Retail Academy	Affiliate	Training services	3,820,142	3,341,399
		HRDF Received	5,723,050	4,087,211
Food and entertainment co Ltd*	Affiliate	Payments made on behalf of the Group	14,633,099	--
Arabian Centers Company*	Affiliate	Rentals	183,234,956	310,281,422
FAS Holding*	Affiliate	Expenses paid on behalf of the Company	12,283,215	--
Orient Insurance Company	Affiliate	Insurance services	740,060	--
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods	24,625,735	31,328,906
		Reversal of dividend	10,097,646	--
Support Human Resource Company*	Affiliate	Services	14,681,644	25,797,095
Hajen Co. ltd. *	Affiliate	Printing and advertisement	92,372	656,025
Metropol Group - Uzbekistan	Affiliate	Loan received	--	7,449,030
		Accrued interest	1,172,165	482,598
Al-Futtaim Private Company LLC	Intermediate parent	Loan principal	1,350,000,000	--
		Accrued interest	28,476,561	--
		Guarantee fee	16,893,333	--

* These entities were considered related parties until 14 September 2025 representing the date of the special transaction (Note 21).

Name of related party	Relationship	31 December 2025	31 December 2024
Saudi Retail Academy	Affiliate	138,371	705,812
Wonderful Meals Co. ltd.	Affiliate	5,070,456	(9,714,679)
Metropol Group - Principal	Affiliate	(7,449,030)	(7,449,030)
Metropol Group - Interest	Affiliate	(1,654,763)	(482,598)
Al-Futtaim Private Company LLC	Intermediate parent	(1,378,476,561)	--

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

32. Standards, interpretations, and amendments to existing standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to early adopt them. The most significant of these are as follows:

a. New standards, interpretations and amendments not yet effective

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

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 'Financial instruments' ("IFRS 9") and IFRS 7 'Financial Instruments: Disclosures' ("IFRS 7"), effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to International Financial Reporting Standards - Volume 11, effective for annual periods beginning on or after 1 January 2026;
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency, effective for annual periods beginning on or after 1 January 2027;
- IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18"), effective for annual periods beginning on or after 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' ("IFRS 19"), effective for annual periods beginning on or after 1 January 2027.

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

b. New standards, interpretations and amendments effective in the current year

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 transactions in foreign currencies entered into by the Group in the normal course of its operations are not exposed to lack of exchangeability and consequently, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

33. DISPOSAL OF BRANDS

A) DISPOSAL OF BRANDS

The Group sold three brands during the year. The gain from selling these brands is as follows:

	31 December 2025	31 December 2024
Assets		
Property and equipment	9,630,110	100,472,803
Inventories	123,973	50,790,995
Prepayments and other current assets	--	8,455,163
	9,754,083	**159,718,961**
Liabilities		
Accounts payable and accruals	227,783	673,924
	227,783	673,924
Net assets disposed off	**9,526,300**	**159,045,037**
Consideration	28,527,791	369,291,190
Gain	**19,001,491**	**210,246,153**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

B) SALE OF ASSETS

The Group sold assets of one brand during the year. The gain from selling these assets is as follows:

	31 December 2025
Assets	
Property and equipment	35,011,777
Prepayments and other current assets	101,553
Net assets disposed off	**35,113,330**
Consideration	36,636,457
Gain	**1,523,127**

34. DISPOSAL OF SUBSIDIARY (DISCONTINUED 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:

	For the year ended 31 December 2024
Revenue	68,143,676
Cost of revenue	(52,782,593)
Gross profit	**15,361,083**
Other operating income	6,786,215
Selling and distribution expenses	(5,786,685)
General and administrative expenses	(16,346,940)
Operating loss	**13,673**
Net finance costs	(1,095,117)
Loss before zakat and income tax	**(1,081,444)**
Zakat and Income tax expense	--
Loss for the period	**(1,081,444)**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

35. DISCONTINUED OPERATIONS

The Group included 1 brand (2024: 4 brands) in the disposal group classified as held for sale. Below is the balance sheet

	31 December 2025	31 December 2024
Assets		
Property and equipment	--	45,657,509
Right of use assets	28,540,003	111,550,245
Goodwill and intangible assets	--	985,274
Non-current assets	**28,540,003**	**158,193,028**
Inventories	2,299,350	21,140,494
Advances, prepayments and other receivables	--	532,080
Current assets	**2,299,350**	**21,672,574**
Total assets classified as held for sale	**30,839,353**	**179,865,602**
Liabilities		
Lease liabilities – non-current portion	29,088,885	99,025,903
Post-employment benefits	282,588	3,458,933
Non-Current liabilities	**29,371,473**	**102,484,836**
Lease liabilities – current portion	3,455,173	19,964,406
Trade and other payables	3,334,340	98,868,055
Current liabilities	**6,789,513**	**118,832,461**
Total liabilities classified as held for sale	**36,160,986**	**221,317,297**

Profit and Loss Statement relating to the brands disposed off/transferred to disposal group classified as held for sale during 2025 and 2024 is as follows:

	For the year ended	
	31 December 2025	31 December 2024
Revenue	31,262,192	298,203,948
Cost of revenue	(58,159,266)	(328,185,067)
Gross loss	**(26,897,074)**	**(29,981,119)**
Other operating income	4,276,921	10,345,486
Selling and distribution expenses	(2,261,770)	(11,195,355)
General and administrative expenses		(699,342)
Other operating expense	(20,087,701)	(1,880,327)
Operating loss	**(44,969,624)**	**(33,410,657)**
Net finance costs	(3,211,709)	(10,806,589)
Loss before zakat and income tax	**(48,181,333)**	**(44,217,246)**
Zakat and Income tax expense	--	--
Loss for the period from discontinued operations	**(48,181,333)**	**(44,217,246)**

AFG International Company (A Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 December 2025

(All amounts are in Saudi Riyals (⃁) unless otherwise stated)

36. COMPARATIVE FIGURES

During the year, Management identified certain comparative figures that require changes in selected financial statements line items within the following statements:

- Statement of financial position, and;
- Statement of cash flows.

The following table summarizes major changes in the comparative information as follows:

Description	As of 31-Dec-24 "As Issued"	Reclassification due to change in disposal group held for sale (i) Debit/(Credit)	Reclassification (ii) Debit/(Credit)	As of 31-Dec-24
Consolidated statement of financial position				
Property and equipment	1,081,016,664	3,985,731	--	1,085,002,395
Right-of-use assets	1,455,170,360	8,229,581	--	1,463,399,941
Security deposits	--	--	17,113,831	17,113,831
Receivable from disposal of a subsidiary	--	--	18,672,904	18,672,904
Inventories	632,282,280	5,731,241	--	638,013,521
Advances, prepayments and other receivables	204,215,347	7,594	(7,521,108)	196,701,833
Assets classified as held for sale	197,819,749	(17,954,147)	--	179,865,602
Lease liabilities - non current	(1,188,752,144)	(4,774,865)	--	(1,193,527,009)
Employee benefits	(73,928,790)	(904,941)	--	(74,833,731)
Lease liabilities – current portion	(358,309,583)	(3,180,522)	--	(361,490,105)
Trade and other payable	(1,799,511,077)	(11,298,653)	(28,265,627)	(1,839,075,357)
Liabilities related to assets classified as held for sale	(241,476,278)	20,158,981	--	(221,317,297)
		--	--	
Consolidated statement of cash flows				
Purchase of property and equipment	(208,905,101)	--	(6,115,936)	(215,021,037)
Foreign currency translation differences	(27,769,883)	--	6,115,936	(21,653,947)
		--	--	

iii. During the current reporting period, the Group re-evaluated its strategic plan regarding one of its brands. It was determined that the criteria for classification as assets classified as held for sale are no longer met.

Consequently, this brand has been reclassified from "assets classified as held for fale" to "continuing operations." In accordance with IFRS 5, the comparative consolidated statement of financial position and consolidated statement of profit or loss for the year ended 31 December 2024, have been re-presented to reflect this change as if the brand had never been classified as held for sale.

iv. Certain comparative numbers have been reclassified to conform with the current presentation of the consolidated financial statements.

Certain other comparative figures have been reclassified, but was not included in the above table as they have been reclassified within the same financial statement line item. Such disclosures reclassifications included Property and equipment, intangibles, general and administrative expenses, etc.

www.cenomiretail.com