

**AFG International Company**  
(A Saudi Joint Stock Company)  
**(Previously Fawaz Abdulaziz Al Hokair & Co.)**  
Consolidated financial statements  
For the year ended 31 December 2025  
**And the Independent Auditor's Report**

**AFG International Company (A Saudi Joint Stock Company)**  
**Consolidated financial statements**  
**For the year ended 31 December 2025**

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**AFG International Company (A Saudi Joint Stock Company)**  
**Consolidated financial statements**  
**For the year ended 31 December 2025**

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## 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 ﷲ 497 million for the year ended 31 December 2025, and as of that date it recorded accumulated losses of ﷲ 2,113 million. In addition, the Group's current liabilities exceeded its current assets by ﷲ 1,545 million as of 31 December 2025, and as of that date total liabilities exceeded total assets by ﷲ 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.

**Independent auditor's report to the shareholders of AFG International Company (A Saudi Joint Stock Company) (continued) for the year ended 31 December 2025**

**Key audit matters (continued)**

key audit matters include the following:

Key audit matter	How the key audit matter was addressed in our audit
<p><b>Inventories</b></p> <p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures related existence of inventory and its valuation, included among others, the following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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;</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>Involved our information technology specialists to test the accuracy &amp; completeness of the inventories' ageing report used by management in its determination of inventory allowance.</li> <li>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.</li> <li>Evaluated the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards.</li> </ul>
<p>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.</p>	

*Independent auditor's report to the shareholders of AFG International Company (A Saudi Joint Stock Company) (continued) for the year ended 31 December 2025*

**Key audit matters (continued)**

Key audit matter	How the key audit matter was addressed in our audit
<p><b>Impairment of goodwill</b></p> <p>As of 31 December 2025, the Group's net goodwill balance in the consolidated financial statements amounted to ﷲ 341 million (2024: ﷲ 461 million), while the goodwill impairment charge during the year amounted to ﷲ 120 million (2024: ﷲ 95 million).</p> <p>The goodwill comprises a group of cash generating units as follows:</p> <ul style="list-style-type: none"> <li>• Nesk Trading Projects Company Ltd,</li> <li>• Wahba Trading Company Ltd,</li> <li>• Food Gate Company Ltd, and;</li> <li>• Innovative Union Company Ltd.</li> </ul> <p>Goodwill is stated at cost acquired, and is tested annually for possible impairment as a result of its indefinite useful life.</p> <p>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.</p>	<p>Our audit procedures related to impairment of goodwill, included among others, the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Involved our internal experts to assist in evaluating assumptions and inputs used in goodwill impairment testing models.</li> <li>• Assessed the reasonableness of the business plan by comparing the implicit growth rates to the market and analysts' forecasts.</li> <li>• 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.</li> <li>• Compared the models' inputs, such as the weighted average cost of capital, the long-term growth rate and other assumptions with observable market data.</li> <li>• 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.</li> <li>• Performed a comprehensive sensitivity analysis testing over the key assumptions used in the business plan.</li> <li>• Evaluated the adequacy of the disclosures in the accompanying consolidated financial statements, in accordance with the requirements of the relevant IFRS accounting standards.</li> </ul>
<p>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.</p>	

***Independent auditor's report to the shareholders of AFG International Company (A Saudi Joint Stock Company) (continued) for the year ended 31 December 2025***

**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.

**Independent auditor's report to the shareholders of AFG International Company (A Saudi Joint Stock Company) (continued) for the year ended 31 December 2025**

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 (ﷲ) unless otherwise stated)**

	<u>Note</u>	31 December 2025 ﷲ	31 December 2024 ﷲ
<b>Assets</b>			
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
<b>Non-current assets</b>		<b>2,999,651,031</b>	<b>3,343,163,243</b>
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
<b>Current assets</b>		<b>992,977,780</b>	<b>1,090,926,888</b>
Assets classified as held for sale	35	30,839,353	179,865,602
<b>Total assets</b>		<b>4,023,468,164</b>	<b>4,613,955,733</b>
<b>Equity</b>			
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)
<b>Equity attributable to the shareholders of the Company</b>		<b>(1,460,810,962)</b>	<b>(993,206,695)</b>
Non-controlling interests	27	(5,392,468)	(24,928,877)
<b>Total equity</b>		<b>(1,466,203,430)</b>	<b>(1,018,135,572)</b>
<b>Liabilities</b>			
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
<b>Non-current liabilities</b>		<b>2,915,351,802</b>	<b>1,350,809,770</b>
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
<b>Current liabilities</b>		<b>2,538,158,806</b>	<b>4,059,964,238</b>
Liabilities relating to assets classified as held for sale	35	36,160,986	221,317,297
<b>Total liabilities</b>		<b>5,489,671,594</b>	<b>5,632,091,305</b>
<b>Total equity and liabilities</b>		<b>4,023,468,164</b>	<b>4,613,955,733</b>

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**  
Chief Financial Officer

  
**Salim Fakhouri**  
Chief Executive Officer

  
**Hussein Ali Shobokshi**  
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 (ﷲ) unless otherwise stated)**

	Notes	31 December 2025 ﷲ	31 December 2024 ﷲ
Revenue	23	5,103,856,497	4,847,143,434
Cost of revenue	24A	(4,524,271,241)	(4,281,499,365)
<b>Gross profit</b>		<b>579,585,256</b>	<b>565,644,069</b>
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
<b>Operating (loss) / profit</b>		<b>(90,528,183)</b>	<b>229,166,961</b>
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)
<b>Net finance costs</b>		<b>(289,703,759)</b>	<b>(297,023,554)</b>
Share of loss of equity-accounted investees	9	(17,216,151)	(23,705,661)
<b>Loss before zakat and income tax</b>		<b>(397,448,093)</b>	<b>(91,562,254)</b>
Zakat and Income tax expense	20A	(51,112,309)	(60,602,389)
<b>Loss for the year from continuing operations</b>		<b>(448,560,402)</b>	<b>(152,164,643)</b>
Loss for the year from discontinued operations	34&35	(48,181,333)	(45,298,691)
<b>Loss for the year</b>		<b>(496,741,735)</b>	<b>(197,463,334)</b>
<b>Loss for the year is attributable to:</b>			
Shareholders of the Company		(505,506,960)	(203,538,578)
Non-controlling interests	27	8,765,225	6,075,244
		<b>(496,741,735)</b>	<b>(197,463,334)</b>
<b>Loss per share</b>			
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 Abdalkareem**  
Chief Financial Officer



**Salim Fakhouri**  
Chief Executive Officer



**Hussein Ali Shobokshi**  
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 (ﷲ) unless otherwise stated)**

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

*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*

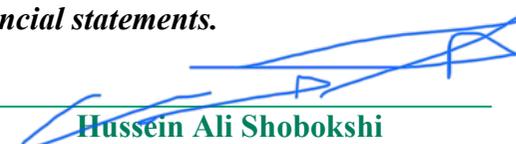
**AFG International Company (A Saudi Joint Stock Company)**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2025**  
**(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)**

	Share Capital	Foreign currency translation reserve	Fair value reserve	Accumulated losses	Total shareholders' equity	Non- Controlling interests	Total equity
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
<b>Balance at 1 January 2025</b>	<b>1,147,664,480</b>	<b>(617,207,523)</b>	<b>83,270,078</b>	<b>(1,606,933,730)</b>	<b>(993,206,695)</b>	<b>(24,928,877)</b>	<b>(1,018,135,572)</b>
<b>Comprehensive income for the year</b>							
(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
<b>Total comprehensive income for the year</b>	--	<b>18,210,006</b>	<b>20,178,483</b>	<b>(505,992,756)</b>	<b>(467,604,267)</b>	<b>9,404,336</b>	<b>(458,199,931)</b>
Dividend payable reversed	--	--	--	--	--	10,097,646	10,097,646
Additional capital contribution by NCI	--	--	--	--	--	34,427	34,427
<b>Balance at 31 December 2025</b>	<b>1,147,664,480</b>	<b>(598,997,517)</b>	<b>103,448,561</b>	<b>(2,112,926,486)</b>	<b>(1,460,810,962)</b>	<b>(5,392,468)</b>	<b>(1,466,203,430)</b>
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)
<b>Total comprehensive income for the year</b>	--	<b>(52,694,300)</b>	<b>41,193,597</b>	<b>(203,030,964)</b>	<b>(214,531,667)</b>	<b>6,035,303</b>	<b>(208,496,364)</b>
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 (ﷲ) unless otherwise stated)**

	<b>Note</b>	<b>31 December 2025 ﷲ</b>	<b>31 December 2024 ﷲ</b>
<b>Cash flows from operating activities:</b>			
Loss for the year		<b>(496,741,735)</b>	(197,463,334)
<i>Adjustments for:</i>			
- 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		<b>(19,001,491)</b>	<b>(208,938,692)</b>
		<b>589,847,267</b>	<b>755,504,441</b>
<b>Changes in:</b>			
- Inventories		<b>(18,158,074)</b>	81,999,648
- Advances, prepayments and other receivables		13,226,500	91,488,098
- Trade and other payables		<b>(943,027,637)</b>	492,711,191
<b>Cash (used in) / generated from operating activities</b>			
		<b>(358,111,944)</b>	1,421,703,378
Employees' benefits paid		<b>(10,987,469)</b>	(37,476,745)
Zakat and income tax paid		<b>(143,666,327)</b>	(47,950,123)
<b>Net cash (used in) / generated from operating activities</b>			
		<b>(512,765,740)</b>	1,336,276,510
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		<b>(101,897,805)</b>	(215,021,037)
Purchase of intangible assets		<b>(3,242,620)</b>	(10,260,747)
Proceeds from disposal of brands		25,493,300	331,435,895
Additional capital contribution to equity accounted investment		<b>(1,881,676)</b>	(4,881,676)
Dividend paid to NCI shareholder		--	(3,333,000)
<b>Net cash (used in) / generated from investing activities</b>			
		<b>(81,528,801)</b>	97,939,435

**AFG International Company (A Saudi Joint Stock Company)**  
**Consolidated statement of cash flows (Continued)**  
**For the year ended 31 December 2025**  
**(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)**

	<b>31 December 2025</b>	31 December 2024
<b>Note</b>	<b>ﷲ</b>	<b>ﷲ</b>
<b>Cash flows from financing activities:</b>		
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	--
<b>Net cash generated from / (used in) financing activities</b>	<b>568,808,062</b>	<b>(1,344,492,151)</b>
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
<b>Cash and cash equivalents at end of year</b>	<b>15 243,999,879</b>	<b>256,211,534</b>

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ</b>	<b>ﷲ</b>
<b>Significant non-cash transactions:</b>		
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 (ﷲ) unless otherwise stated)**

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## **1. REPORTING ENTITY**

AFG International Company (the “Company”), (previously known as Fawaz Abdulaziz Al Hokair & Co.), is a 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 (ﷻ) 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	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

**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 (ﷲ) unless otherwise stated)**

<b>No</b>	<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Business Activity</b>	<b>Ownership interest held by the Group as at:</b>	
				<b>31 December 2025</b>	<b>31 December 2024</b>
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.

**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 (ﷻ) unless otherwise stated)**

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### **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 ﷻ 497 million during the year ended 31 December 2025 (2024: ﷻ 197 million), resulting in accumulated losses of ﷻ 2,113 million as at that date (2024: ﷻ 1,607 million). In addition, as at 31 December 2025, the Group’s current liabilities exceeded its current assets by ﷻ 1,545 million (2024: ﷻ 2,969 million) , and as of that date total liabilities exceeded total assets by ﷻ 1,466 million (2024: ﷻ 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.

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'.

#### **4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)**

##### **A. JUDGEMENTS (CONTINUED)**

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.

##### **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.

#### **4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)**

##### **B. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONTINUED)**

###### 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 (ﷲ) unless otherwise stated)**

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## **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 INVESTEEES**

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.

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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

**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 (ﷲ) unless otherwise stated)**

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**  
**(CONTINUED)**

**C. REVENUE RECOGNITION (CONTINUED)**

**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.

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:

<b>Class of asset</b>	<b>Number of years</b>
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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

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:

<b>Class of asset</b>	<b>Number of years</b>
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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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

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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **II. CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTINUED)**

#### *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.

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:

#### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)*

- 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.

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**  
**(CONTINUED)**

**II. CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTINUED)**

*Financial assets: Subsequent measurement and gains and losses*

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at Amortized cost</b>	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.
<b>Equity investments At FVOCI</b>	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.

*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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

#### *Credit-impaired financial assets (Continued)*

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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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.

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.

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**5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**  
**(CONTINUED)**

**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.

**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.

## **5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **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 separate 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.

### **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.

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**6. PROPERTY AND EQUIPMENT**

See accounting policies in **Notes 5D and 5M**.

<b>Cost</b>	<b>Land</b>	<b>Buildings and leasehold improvements</b>	<b>Furniture, fixtures and office equipment</b>	<b>Motor vehicles</b>	<b>Under construction</b>	<b>Total</b>
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)
<b>Balance as at 31 Dec 2024</b>	14,920,930	1,672,869,674	650,504,361	15,642,760	9,439,285	2,363,377,010
Additions	--	<b>69,068,288</b>	<b>28,157,702</b>	--	<b>4,671,815</b>	<b>101,897,805</b>
Transfers	--	<b>4,028,539</b>	<b>4,704,804</b>	--	<b>(8,733,343)</b>	--
Transfer to disposal group held for sale	--	<b>(16,439,597)</b>	<b>(1,889,909)</b>	--	--	<b>(18,329,506)</b>
Disposals *	<b>(14,920,930)</b>	<b>(76,584,294)</b>	<b>(33,258,175)</b>	<b>(169,566)</b>	<b>(1,660,348)</b>	<b>(126,593,313)</b>
Foreign currency translation differences	--	<b>6,920,432</b>	<b>2,737,010</b>	<b>29,549</b>	--	<b>9,686,991</b>
<b>Balance as at 31 Dec 2025</b>	--	<b>1,659,863,042</b>	<b>650,955,793</b>	<b>15,502,743</b>	<b>3,717,409</b>	<b>2,330,038,987</b>

\*The disposal includes a disposal of land amounting to ﷲ 14.9 million which was adjusted against the rental liabilities of a related party.

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

<b>Accumulated depreciation and impairment losses:</b>	<b>Land</b>	<b>Buildings and leasehold improvements</b>	<b>Furniture, fixtures and office equipment</b>	<b>Motor vehicles</b>	<b>Under construction</b>	<b>Total</b>
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)
<b>Balance as at 31 Dec 2024</b>	--	<b>886,324,434</b>	<b>377,474,903</b>	<b>14,575,278</b>	--	<b>1,278,374,615</b>
Charge for the period from continuing operation	--	<b>77,664,858</b>	<b>42,191,503</b>	<b>358,382</b>	--	<b>120,214,743</b>
Charge for the year associated with assets classified as held for sale	--	<b>3,838,859</b>	<b>381,576</b>	--	--	<b>4,220,435</b>
Transfers	--	<b>(559,794)</b>	<b>559,794</b>	--	--	--
Transfer to disposal group held for sale	--	<b>(16,439,597)</b>	<b>(1,889,909)</b>	--	--	<b>(18,329,506)</b>
Disposals	--	<b>(24,091,053)</b>	<b>(15,225,406)</b>	--	--	<b>(39,316,459)</b>
Foreign currency translation differences	--	<b>3,510,973</b>	<b>195,191</b>	<b>29,895</b>	--	<b>3,736,059</b>
<b>Balance as at 31 Dec 2025</b>	--	<b>930,248,680</b>	<b>403,687,652</b>	<b>14,963,555</b>	--	<b>1,348,899,887</b>
<b>Carrying amount</b>						
<b>Balance as at 31 Dec 2024</b>	14,920,930	786,545,238	273,029,459	1,067,483	9,439,285	1,085,002,395
<b>Balance as at 31 Dec 2025</b>	--	<b>729,614,360</b>	<b>247,268,142</b>	<b>539,189</b>	<b>3,717,409</b>	<b>981,139,100</b>

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**7. GOODWILL AND INTANGIBLE ASSETS**

See accounting policies in **Notes 5G and 5M**.

<b>Cost</b>	<b>Goodwill*</b>	<b>Software</b>	<b>Key money</b>	<b>Deferred charges</b>	<b>Total</b>
Balance at 31 Dec 2023 (Reclassified)	1,012,387,298	232,855,936	78,490,746	44,264,040	1,367,998,020
<b>Additions</b>	--	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)
<b>Balance at 31 Dec 2024</b>	<b>1,012,387,298</b>	<b>196,574,534</b>	<b>72,328,054</b>	<b>38,652,528</b>	<b>1,319,942,414</b>
Additions	--	<b>1,827,010</b>	--	<b>1,415,610</b>	<b>3,242,620</b>
Disposals	--	<b>(17,039,944)</b>	<b>(9,749,829)</b>	<b>(7,657,702)</b>	<b>(34,447,475)</b>
Foreign currency translation differences	--	<b>24,963</b>	<b>17,560</b>	<b>(960)</b>	<b>41,563</b>
<b>Balance at 31 Dec 2025</b>	<b>1,012,387,298</b>	<b>181,386,563</b>	<b>62,595,785</b>	<b>32,409,476</b>	<b>1,288,779,122</b>
<b>Accumulated amortization and impairment</b>					
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)
<b>Balance at 31 Dec 2024</b>	<b>551,500,879</b>	<b>65,368,495</b>	<b>60,660,110</b>	<b>14,957,864</b>	<b>692,487,348</b>
Charge for the year from continuing operation	--	<b>8,359,043</b>	<b>1,780,653</b>	<b>2,203,439</b>	<b>12,343,135</b>
Charge for the year associated with assets classified as held for sale	--	<b>1,445</b>	<b>91,465</b>	<b>34,818</b>	<b>127,728</b>
Impairment charge for the year	<b>120,000,000</b>	--	--	--	<b>120,000,000</b>
Disposals	--	<b>(2,953,881)</b>	<b>(7,747,982)</b>	<b>(2,175,601)</b>	<b>(12,877,464)</b>
Foreign currency translation differences	--	<b>22,649</b>	<b>(3,621)</b>	<b>(927)</b>	<b>18,101</b>
<b>Balance at 31 Dec 2025</b>	<b>671,500,879</b>	<b>70,797,751</b>	<b>54,780,625</b>	<b>15,019,593</b>	<b>812,098,848</b>
<b>Carrying amount</b>					
<b>Balance at 31 Dec 2024</b>	<b>460,886,419</b>	<b>131,206,039</b>	<b>11,667,944</b>	<b>23,694,664</b>	<b>627,455,066</b>
<b>Balance at 31 Dec 2025</b>	<b>340,886,419</b>	<b>110,588,812</b>	<b>7,815,160</b>	<b>17,389,883</b>	<b>476,680,274</b>

## 7. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

### \* GOODWILL

#### A. THE FOLLOWING IS A LIST OF ALL CASH GENERATING UNITS

	<i>Note</i>	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
<b>Carrying amount</b>			<b>340,886,419</b>	<b>460,886,419</b>

- 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 ﷲ730 million, resulting in a net acquisition cost of ﷲ661.2 million after deducting net cash acquired of ﷲ68.8 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 ﷲ378 million.
- The Group acquired Wahba Trading Company Ltd, which operates retail trading activities, for a total consideration of ﷲ180 million. The fair value of identifiable net assets acquired amounted to ﷲ118.6 million, resulting in goodwill of ﷲ61.4 million at the acquisition date.
- 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 ﷲ340 million, while the carrying value of net assets acquired was ﷲ132.2 million, resulting in goodwill of ﷲ207.8 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 ﷲ120 million (2024: ﷲ95 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;

	<b>Nesk Projects Trading Company Ltd</b>	<b>Food Gate Company Ltd</b>	<b>Wahba Trading Company Ltd</b>	<b>Innovative Union Company Ltd</b>
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.

#### 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.

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## 8. INVESTMENT PROPERTY

See accounting policies in [Notes 5A and 5M](#).

<b>Reconciliation of carrying amount</b>	<b>Amount</b>
<b>Cost</b>	
Balance at 31 December 2023	3,516,928
Balance at 31 December 2024	3,516,928
<b>Balance at 31 December 2025</b>	<b>3,516,928</b>
<b>Accumulated depreciation and impairment</b>	
Balance at 31 December 2023	2,252,128
Charge for the year	122,400
<b>Balance as at 31 December 2024</b>	<b>2,374,528</b>
Charge for the Year	<b>122,400</b>
<b>Balance as at 31 December 2025</b>	<b>2,496,928</b>
<b>Carrying amount</b>	
At 31 December 2024	1,142,400
<b>At 31 December 2025</b>	<b>1,020,000</b>

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 ﷻ 2.7 million (2024: ﷻ2.7 million).

## 9. EQUITY ACCOUNTED INVESTMENT

See accounting policies in [Notes 5A and 5M](#).

	Amount
<b>Balance at 1 January 2024</b>	64,828,779
Addition	4,881,676
Share of loss for the year	(23,705,661)
<b>Balance at 31 December 2024</b>	<b>46,004,794</b>
Addition	<b>1,881,677</b>
Share of loss for the year and impairment (i)	<b>(17,216,151)</b>
<b>Balance at 31 December 2025</b>	<b>30,670,320</b>

<b>Financial year</b>	<b>31 December 2025</b>	31 December 2024
Assets	<b>289,043,430</b>	303,931,485
Liabilities (including NCI)	<b>(106,730,403)</b>	(155,689,225)
<b>Net Assets</b>	<b>182,313,027</b>	148,242,260
Percentage ownership interest	<b>50%</b>	50%
<b>Group's share of net assets</b>	<b>91,156,514</b>	74,121,130
<b>Adjustment</b>	<b>(60,486,194)</b>	(28,116,336)
<b>Carrying amount</b>	<b>30,670,320</b>	46,004,794
Revenue	<b>580,453,669</b>	542,002,993
Total comprehensive income	<b>(8,334,574)</b>	(13,185,108)
<b>Group's share of total comprehensive income</b>	<b>(4,167,287)</b>	(6,592,554)
<b>Impairment (ii)</b>	<b>(13,048,864)</b>	(17,113,107)
<b>Group's share of total comprehensive income and impairment</b>	<b>(17,216,151)</b>	(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 ﷻ13 million (2024: ﷻ 17 million).

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## **10. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

See accounting policies in **Notes 5K and 5P**.

	<b>Equity securities at FVOCI</b>
Balance at 1 January 2024	74,189,014
Changes in fair value	42,034,282
Unrealized currency exchange differences	(31,851,384)
<b>Balance at 31 December 2024</b>	<b>84,371,912</b>
Changes in fair value attributable to shareholders of the Company	20,178,485
Changes in fair value attributable to NCI	411,805
Unrealized currency exchange differences	5,351,530
<b>Balance at 31 December 2025</b>	<b>110,313,732</b>

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 ﷲ 20.6 million at 31 December 2025 (31 December 2024: gain ﷲ 42 million), investment in ECRED has been valued at ﷲ 110.3 million (31 December 2024: ﷲ 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.

## **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 ﷲ 15,398,822 as of 31 December 2025 (31 December 2024: ﷲ 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%.

<b>Retail Group USA and its subsidiary</b>	<b>Note</b>	<b>31 December 2025</b>	31 December 2024
Current Portion	<b>14</b>	<b>3,896,482</b>	982,590
Non-current portion		<b>15,941,958</b>	18,672,904
		<b>19,838,440</b>	19,655,494

## **13. INVENTORIES**

See accounting policy in **Note 5I**.

	<b>Note</b>	<b>31 December 2025</b>	31 December 2024
Finished goods			
- Available for sale		<b>656,617,262</b>	672,987,145
- Goods in transit		<b>48,807,499</b>	36,050,912
- Consumables		<b>9,791,563</b>	8,056,457
<b>Gross inventories</b>		<b>715,216,324</b>	717,094,514
Allowances for inventory	<b>(i)</b>	<b>(121,022,675)</b>	(79,080,993)
<b>Net inventories</b>		<b>594,193,649</b>	638,013,521

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### 13. INVENTORIES (CONTINUED)

(i) Movement in allowances for inventory is as follows:

	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>79,080,993</b>	33,784,240
Charge for the year	<b>65,382,108</b>	56,447,744
Written off	<b>(20,921,124)</b>	(5,000,022)
Transfer to asset classified as held for sale	<b>(3,541,999)</b>	(5,709,317)
Foreign currency translation differences	<b>1,022,697</b>	(441,652)
<b>Closing balance</b>	<b>121,022,675</b>	79,080,993
<b>Inventories directly written off to profit or loss</b>	<b>15,313,008</b>	3,243,144

### 14. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

See accounting policies in [Notes 5K and 5L](#).

	<b>Note</b>	<b>31 December 2025</b>	31 December 2024
Receivables due from related parties		<b>5,208,827</b>	15,338,911
<u>Prepayments</u>			
Tax advances		<b>16,945,184</b>	21,111,782
Prepaid guarantee fee		<b>6,813,333</b>	--
Prepaid insurance		<b>2,563,284</b>	3,450,605
Others- prepayments		<b>9,858,784</b>	10,438,333
		<b>36,180,585</b>	35,000,720
<u>Other receivables</u>			
- Receivable from credit card and wholesale		<b>51,829,918</b>	42,986,437
- Receivable from online marketplaces		<b>43,478,407</b>	33,543,436
- Advances to suppliers		<b>30,575,732</b>	55,528,913
- Custom refund receivable		<b>12,138,005</b>	10,235,313
- Employees' receivables		<b>7,936,856</b>	10,867,675
- Margin on letters of credit and guarantee		<b>7,340,217</b>	7,016,652
- Receivable from disposal of Retail Group USA – current portion	<b>12</b>	<b>3,896,482</b>	982,590
- Receivable from disposal of brands		<b>1,532,038</b>	2,220,497
- Receivable from human resources development fund		--	4,365,635
- Margin compensation receivable		--	1,970,767
- Others		<b>20,276,333</b>	6,443,459
		<b>179,003,988</b>	176,161,374
Deduct: expected credit loss		<b>(65,609,147)</b>	(29,799,172)
<b>Total advances, prepayments and other receivables</b>		<b>154,784,252</b>	196,701,833

### 15. CASH AND CASH EQUIVALENTS

See accounting policy in [Note 5J](#).

	<b>31 December 2025</b>	31 December 2024
Bank balances	<b>225,276,051</b>	237,183,226
Cash in hand	<b>18,723,828</b>	19,028,308
<b>Cash and cash equivalents</b>	<b>243,999,879</b>	256,211,534

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**16. LOANS AND BORROWINGS**

See accounting policies in **Note 5N**.

	<i>Notes</i>	<b>31 December 2025</b>	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)	<b>18,864,362</b>	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)	<b>6,354,426</b>	5,303,120
Banking Facilities of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v-5)	<b>2,020,970</b>	6,281,236
Banking Facility of international subsidiary (Retail Group Global LLC - Uzbekistan)	(v-6)	<b>7,449,030</b>	7,449,030
Banking facility with Emirates NBD local bank	(vi)	<b>1,574,019,847</b>	--
		<b>1,608,708,635</b>	1,842,618,941
<b>Loans and borrowings - current liabilities</b>		<b>34,688,785</b>	1,760,169,911
<b>Loans and borrowings – non-current liabilities</b>		<b>1,574,019,850</b>	82,449,030
		<b>1,608,708,635</b>	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 ﷲ 2,400 million and USD 166 million on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility 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 Riyadh Bank amounting to ﷲ 150 million. As per the terms of the agreement, the term of the Murabaha facility is for a period of three years including 6 months grace period. 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.

## **16. LOANS AND BORROWINGS (CONTINUED)**

- 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 ﷻ 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 ﷻ 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.
- 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 ﷻ 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 ﷻ 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 ﷻ 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 ﷻ 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 ﷻ 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 ﷻ 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 ﷻ 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%.

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**17. SHAREHOLDER'S LOAN**

	<b>31 December 2025</b>	31 December 2024
Shareholder's Loan	<b>1,378,476,561</b>	---

On 14 September 2025 the Company entered into a ﷲ 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](#).

	<b>31 December 2025</b>	31 December 2024
<b>Trade payables</b>		
Trade payables to suppliers	<b>310,157,906</b>	501,245,245
Trade payables to rental vendors	<b>227,335,784</b>	148,290,135
	<b>537,493,690</b>	649,535,380
<b>Other payables</b>		
Contractors and others	<b>102,897,411</b>	174,253,161
Employees' salaries and benefits	<b>22,687,893</b>	20,858,202
Royalty	<b>21,079,093</b>	--
VAT payable	<b>11,847,890</b>	335,935,022
Due to related parties	<b>--</b>	416,731,960
	<b>158,512,287</b>	947,778,345
<b>Accrued expenses</b>		
Non-trade accruals	<b>57,539,800</b>	53,222,604
Deferred income from landlord	<b>54,969,213</b>	74,691,403
Advance collection from customers	<b>21,788,553</b>	14,581,695
Accrued rentals	<b>20,478,280</b>	3,456,276
Government duties	<b>7,474,290</b>	1,178,252
Finance cost - accruals	<b>6,218,468</b>	46,475,406
Withholding tax	<b>11,452,557</b>	11,940,727
Other accruals and other liabilities	<b>23,889,493</b>	36,215,269
	<b>203,810,654</b>	241,761,632
<b>Trade and other payables</b>	<b>899,816,631</b>	1,839,075,357

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## 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

	<b>31 December 2025</b>	31 December 2024
<b>Opening balance</b>	<b>74,833,731</b>	89,333,116
<b>Included in profit or loss</b>		
Current service cost	<b>11,250,724</b>	15,275,701
Interest cost	<b>4,407,006</b>	4,432,316
	<b>15,657,730</b>	19,708,017
<b>Included in OCI</b>		
Actuarial loss / (gain) arising from		
– financial assumptions	<b>(874,890)</b>	(2,940,481)
– other assumptions and experience adjustments	<b>1,360,686</b>	2,432,867
	<b>485,796</b>	(507,614)
<b>Other</b>		
Benefits paid	<b>(7,528,536)</b>	(30,240,855)
Transfer to asset classified as held for sale	<b>(282,588)</b>	(3,458,933)
<b>Closing balance</b>	<b>83,166,133</b>	74,833,731

### B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

<b>Economic assumptions</b>	<b>31 December 2025</b>	31 December 2024
Gross discount rate	<b>5.60%</b>	5.50%
Price inflation	<b>2.00%</b>	2.00%
Salary growth rate	<b>3.00%</b>	3.00%
	<b>31 December 2025</b>	31 December 2024
<b>Employees' assumptions</b>		
Number of employees	<b>4,107</b>	4,637
Average age of employees (years)	<b>34.16</b>	33.6
Average years of past service	<b>5.60</b>	5.0

### C. Sensitivity analysis

The sensitivity of the defined benefit obligations to changes in the principal assumptions is as follows:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>Increase</b>	<b>Decrease</b>	Increase	Decrease
Salary inflation (1% movement)	<b>7,774,518</b>	<b>(7,435,617)</b>	7,477,806	(6,432,808)
Discount rate (1% movement)	<b>(7,215,476)</b>	<b>7,641,499</b>	(6,115,299)	7,218,660

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**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**

	<i>Note</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Current year zakat charge	<b>20B</b>	<b>5,044,022</b>	36,986,395
Current year income tax charge	<b>20C</b>	<b>46,068,287</b>	23,615,994
		<b>51,112,309</b>	60,602,389

**Recognized in financial position**

	<i>Note</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Income tax	<b>20C</b>	<b>6,674,847</b>	(95,388)
Zakat	<b>20B</b>	--	99,324,253
		<b>6,674,847</b>	99,228,865

**B. Zakat**

i. Movement in zakat liability is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening balance	<b>99,324,253</b>	85,054,391
Zakat charge		
- Current year	--	--
- Prior years – charge	<b>5,044,022</b>	36,986,395
Net charge during the year	<b>5,044,022</b>	36,986,395
Paid	<b>(104,368,275)</b>	(22,716,533)
<b>Closing balance</b>	<b>--</b>	<b>99,324,253</b>

ii. Computation of zakat charge is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Shareholders' equity and other payables	<b>1,843,977,601</b>	2,414,561,887
Adjusted net income	<b>(424,175,218)</b>	(197,463,333)
Deductions and other adjustments	<b>(2,873,938,478)</b>	(3,210,789,284)
Zakat base	<b>(1,454,136,095)</b>	(796,227,397)
<b>Zakat at 2.5% (higher of adjusted net income or Zakat base)</b>	<b>--</b>	<b>--</b>

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.

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**20. ZAKAT AND TAX LIABILITIES (Continued)**

**C. Income tax**

i. Movement in income tax is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening balance	<b>(95,388)</b>	1,522,208
Current year income and deferred tax charge	<b>46,068,287</b>	23,615,994
Paid	<b>(39,298,052)</b>	(25,233,590)
<b>Closing balance</b>	<b>6,674,847</b>	(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:

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	<b>No. of shares</b>	<b>Par value</b>	<b>Total</b>	No. of shares	Par value	Total
Ordinary share capital	<b>114,766,448</b>	<b>10</b>	<b>1,147,664,480</b>	114,766,448	10	1,147,664,480

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 ﷲ 2,522,337,004 (a purchase price of ﷲ 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:

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

**Geographical information**

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

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**22. OPERATING SEGMENTS (CONTINUED)**

**B. Information about reportable segments and geographical information**

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

	Reportable segments					Geographical segments			
	Fashion retail	Electronics	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in ﷲ 000					Amount in ﷲ 000			
<b>31 December 2025</b>									
<b>Consolidated profit or loss</b>									
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)
<b>31 December 2025</b>									
<b>Consolidated financial position</b>									
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)

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**22. OPERATING SEGMENTS (CONTINUED)**

**B. Information about reportable segments and geographical information (CONTINUED)**

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

	<b>Fashion retail</b>	<b>Electronics</b>	<b>Food and Beverages</b>	<b>Inter-segment elimination</b>	<b>Total</b>	<b>Domestic</b>	<b>International</b>	<b>Inter-segment elimination</b>	<b>Total</b>	
	<b>Amount in ﷲ 000</b>					<b>Amount in ﷲ 000</b>				
<b>31 December 2024</b>										
<b>Consolidated Profit or loss</b>										
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)	
<b>31 December 2024</b>										
<b>Consolidated financial position</b>										
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)	

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## 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
<b>Total revenue</b>	<b>3,518,883,808</b>	<b>1,584,972,689</b>	<b>5,103,856,497</b>

	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
<b>Total revenue</b>	<b>3,512,462,051</b>	<b>1,334,681,382</b>	<b>4,847,143,434</b>

## 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
	<b>4,524,271,241</b>	<b>4,281,499,365</b>

\* Cost of sales include a charge for inventory provision of ﷲ 65 million (2024: ﷲ56 million). Further, it also includes a charge of ﷲ 15.3 million (2024: ﷲ3.2 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

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**24. INCOME AND EXPENSES (CONTINUED)**  
**B. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Employees' salaries and benefits	<b>124,089,073</b>	127,544,695
Professional fee	<b>61,482,206</b>	44,555,890
Stationery and supplies	<b>31,635,415</b>	27,831,678
Expected credit loss	<b>34,897,110</b>	24,013,772
Travel and communication	<b>15,501,031</b>	20,144,149
Depreciation on property and equipment	<b>11,363,937</b>	18,846,225
Amortization on intangible assets	<b>9,020,701</b>	12,726,619
Bank charges	<b>7,594,164</b>	14,537,751
Rent	<b>5,534,516</b>	17,139,195
Depreciation on right-of-use asset	<b>4,548,988</b>	4,500,177
Government fees and related charges	<b>3,146,985</b>	3,182,014
Insurance	<b>2,460,019</b>	1,374,850
Utilities and maintenance	<b>2,439,982</b>	3,240,321
Advertising and publishing	<b>497,998</b>	331,543
Depreciation on investment properties	<b>122,400</b>	122,400
Others	<b>12,773,761</b>	21,182,408
	<b>327,108,286</b>	341,273,687

**C. SELLING AND DISTRIBUTION EXPENSES**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Employees' salaries and benefits	<b>51,918,990</b>	49,059,782
Advertising and promotions	<b>40,105,593</b>	43,813,135
Freight and distribution charges	<b>12,444,844</b>	14,935,538
Bank charges	<b>10,621,842</b>	14,571,418
Depreciation on property and equipment	<b>6,251,736</b>	6,358,901
Depreciation on right-of-use asset	<b>3,422,606</b>	3,506,570
Travel	<b>3,303,209</b>	2,976,815
Rent expense	<b>2,253,033</b>	1,474,069
Amortization on intangible assets	<b>1,922,608</b>	1,559,384
Utilities and maintenance	<b>1,209,482</b>	1,360,847
Others	<b>4,466,286</b>	7,340,875
	<b>137,920,229</b>	146,957,334

**D. OTHER OPERATING EXPENSE**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Property, equipment and intangibles write-off	<b>57,941,299</b>	41,504,595
Foreign exchange	<b>59,314,338</b>	--
Tax expense	<b>50,593,968</b>	--
Losses from disposal of investment in subsidiary	--	1,307,461
Loss on lease termination	--	1,106,641
Provision expense	--	(36,074,477)
Others	<b>5,352,504</b>	2,776,616
	<b>173,202,109</b>	10,620,836

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**24. INCOME AND EXPENSES (CONTINUED)**

**E. OTHER OPERATING INCOME**

	<i>Note</i>	For the year ended	
		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
		<b>88,117,185</b>	<b>257,724,749</b>

**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
	<b>189,083,209</b>	<b>188,886,389</b>

**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**

	<i>Note</i>	For the year ended	
		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
<b>Basic and diluted loss per share</b>		<b>(3.98)</b>	<b>(1.38)</b>

**Basic and diluted (Loss) per share for discontinued operations**

	<i>Note</i>	For the year ended	
		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
<b>Basic and diluted loss per share</b>		<b>(0.42)</b>	<b>(0.39)</b>

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**25. EARNINGS PER SHARE (CONTINUED)**

**Basic and diluted (Loss) per share**

	<i>Note</i>	<b>For the year ended</b>	
		<b>31 December 2025</b>	<b>31 December 2024</b>
Loss attributable to ordinary shareholders		<b>(505,506,960)</b>	(203,538,578)
Weighted average number of ordinary shares	<b>21</b>	<b>114,766,448</b>	114,766,448
<b>Basic and diluted loss per share</b>		<b>(4.40)</b>	(1.77)

**B. Reconciliation of loss used in calculation loss per share**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>
Loss from continuing operations as presented in the statement of profit or loss	<b>(448,560,402)</b>	(152,164,643)
Less: profit from continuing operations attributable to NCI	<b>(8,765,225)</b>	(6,075,244)
<b>Loss from continuing operations attributable to shareholders of the Company used in calculating basic and diluted loss per share</b>	<b>(457,325,627)</b>	(158,239,887)
<b>Loss from discontinued operations</b>	<b>(48,181,333)</b>	(45,298,691)
<b>Loss attributable to shareholders of the Company used in calculating basic and diluted loss per share</b>	<b>(505,506,960)</b>	(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.

	<b>31 December 2025</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>FVOCI – equity instruments</b>					
<b>Egyptian Centers for Real Estate Development (ECRED)</b>	<b>110,313,732</b>	--	--	<b>110,313,732</b>	<b>110,313,732</b>

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

### **B. Valuation techniques and significant unobservable inputs**

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

<b>Type</b>	<b>Valuation technique and significant unobservable inputs</b>
<b>Equity securities</b>	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: <ul style="list-style-type: none"> <li>- the expected cash flows were higher (lower); or</li> <li>- the risk-adjusted discount rate was lower (higher).</li> </ul>

## **26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

### **C. Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk
- 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:

	<u>Note</u>	<b>31 December 2025</b>	31 December 2024
Cash at banks	<i>15</i>	<b>225,276,051</b>	237,183,226
Receivable from disposal of subsidiaries		<b>15,941,958</b>	18,672,904
Security deposits		<b>15,398,822</b>	17,113,831
Advances and other receivables		<b>88,027,935</b>	106,172,200
		<b>344,644,766</b>	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.

#### **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.

## 26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

### ii. Liquidity risk (CONTINUED)

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.

Financial Liabilities	Carrying amount	Contractual cash flow		
		Less than 1 year	1 year to 5 years	More than 5 years
<b>31 December 2025</b>				
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	--	--
	<b>5,363,669,628</b>	<b>1,300,426,573</b>	<b>4,591,449,157</b>	<b>1,003,715,465</b>
<b>31 December 2024</b>				
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	--	--
	<b>5,236,711,412</b>	<b>3,051,688,467</b>	<b>1,105,774,618</b>	<b>1,105,774,618</b>

### 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)

#### *Currency risk (continued)*

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

## **26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

### **iii. Market risk (CONTINUED)**

#### *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 ﷲ, with all other variables held constant, on the consolidated statement of profit or loss.

		<b>Currency movement vs. Saudi Riyal</b>			
		<b>31 December 2025</b>		<b>31 December 2024</b>	
<b>Foreign currency</b>	<b>Change in currency</b>	<b>Strengthening</b>	<b>Weakening</b>	Strengthening	Weakening
EUR	+/- 10%	<b>(20,308,000)</b>	<b>20,308,000</b>	(37,460,000)	37,460,000
GBP	+/- 10%	<b>(104,000)</b>	<b>104,000</b>	283,000	(283,000)
UAE Dirham	+/- 10%	<b>(183,516)</b>	<b>183,516</b>	(155,439)	155,439
		<b>(20,595,516)</b>	<b>20,595,516</b>	(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 ﷲ 2,986 million at 31 December 2025 (2024: ﷲ1,842 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.

	<b>Currency</b>	<b>Increase / decrease in basis points of commission rates</b>	<b>Effect on income for the period / year</b>
<b>31 December 2025</b>	ﷲ	+30	<b>(9,255,203)</b>
	ﷲ	-30	<b>9,255,203</b>
<b>31 December 2024</b>	ﷲ	+30	(6,640,052)
	ﷲ	-30	6,640,052

### **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

## **26. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

### **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:

<u><i>Financial Assets</i></u>	<b>31 December 2025</b>	31 December 2024
<b>(i) Amortized Cost</b>		
Security deposits	<b>15,398,822</b>	17,113,831
Receivable from disposal of subsidiaries	<b>15,941,958</b>	18,672,904
Advances, prepayments and other receivables	<b>88,027,935</b>	106,172,200
Cash and cash equivalents	<b>243,999,879</b>	256,211,534
<b>(ii) FVTOCI</b>		
FVTOCI – equity instruments (ECRED)	<b>110,313,732</b>	84,371,912
<u><i>Financial Liabilities</i></u>		
<b>(i) Amortized cost</b>		
Loans and borrowings	<b>1,608,708,635</b>	1,842,618,941
Shareholder’s loan	<b>1,378,476,561</b>	--
Lease liabilities	<b>1,476,667,801</b>	1,555,017,114
Trade and other payables	<b>823,058,865</b>	1,749,802,259

For the purposes of IFRS 7 financial instruments disclosures, amounts relating to non-financial assets and non-financial liabilities totaling ﷲ66.76 million and ﷲ76.76 million, respectively (2024: ﷲ 90.53 million and ﷲ89.27 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.

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**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:

<b>Balance at 31 December 2025</b>	<b>Retail Group Azerbaijan LLC</b>	<b>Retail Group Armenia CJSC</b>	<b>Egypt</b>	<b>Food Gate Company*</b>	<b>Uzbekistan</b>	<b>Total</b>
<b>NCI percentage</b>	<b>15%</b>	<b>4%</b>	<b>2%</b>	<b>30%</b>	<b>20%</b>	
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)
<b>Net assets</b>	<b>87,938,569</b>	<b>86,087,215</b>	<b>123,410,622</b>	<b>(57,942,271)</b>	<b>12,392,610</b>	<b>251,886,745</b>
<b>Net (liabilities) / assets attributable to NCI</b>	<b>(1,807,962)</b>	<b>3,269,388</b>	<b>(4,762,424)</b>	<b>(4,569,991)</b>	<b>2,478,521</b>	<b>(5,392,468)</b>
Revenue	392,211,853	225,967,115	20,115,358	95,198,258	179,735,234	913,227,818
<b>Profit / (loss)</b>	<b>24,625,801</b>	<b>19,106,708</b>	<b>(8,239,043)</b>	<b>9,048,055</b>	<b>8,787,261</b>	<b>53,328,782</b>
<b>Profit / (loss) allocated to NCI</b>	<b>3,693,870</b>	<b>764,268</b>	<b>(164,782)</b>	<b>2,714,416</b>	<b>1,757,453</b>	<b>8,765,225</b>
<b>Total comprehensive income allocated to NCI</b>	<b>3,687,251</b>	<b>869,081</b>	<b>378,782</b>	<b>2,714,416</b>	<b>1,754,806</b>	<b>9,404,336</b>
<b>Additional capital contribution by NCI</b>	--	--	--	--	34,427	34,427
<b>Dividend payable reversed</b>	--	--	--	10,097,646	--	10,097,646

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**27. NON-CONTROLLING INTERESTS (NCI) (CONTINUED)**

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

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## 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

	<b>Note</b>	<b>31 December 2025</b>	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)
<b>Balance at ending of the year</b>		<b>1,368,486,825</b>	<b>1,463,399,941</b>

### B. LEASE LIABILITIES

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

	<b>31 December 2025</b>	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
<b>Balance at ending of the year</b>	<b>1,476,667,801</b>	<b>1,555,017,114</b>

	<b>Note</b>	<b>31 December 2025</b>	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)
<b>Balance at ending of the year</b>		<b>1,476,667,801</b>	<b>1,555,017,114</b>

### C. AMOUNTS RECOGNIZED IN PROFIT OR LOSS

	<b>For the year ended 31 December 2025</b>	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

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## 29. COMMITMENTS

As at the reporting date, the Group is committed to capital expenditures of ﷻ 8.7 million (2024: ﷻ 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
<b>Total key management compensation</b>	<b>29,298,669</b>	<b>21,088,602</b>

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**31. RELATED PARTIES (CONTINUED)**

**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).

Outstanding balances with related parties are summarized below:

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)	--

### 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
<b>Assets</b>		
Property and equipment	9,630,110	100,472,803
Inventories	123,973	50,790,995
Prepayments and other current assets	--	8,455,163
	<b>9,754,083</b>	159,718,961
<b>Liabilities</b>		
Accounts payable and accruals	227,783	673,924
	<b>227,783</b>	673,924
<b>Net assets disposed off</b>	<b>9,526,300</b>	159,045,037
Consideration	28,527,791	369,291,190
<b>Gain</b>	<b>19,001,491</b>	210,246,153

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### **33. DISPOSAL OF BRANDS (CONTINUED)**

#### **B) SALE OF ASSETS**

The Group sold assets of one brand during the year. The gain from selling these assets is as follows:

	<b>31 December 2025</b>
<b>Assets</b>	
Property and equipment	35,011,777
Prepayments and other current assets	101,553
<b>Net assets disposed off</b>	<b>35,113,330</b>
Consideration	36,636,457
<b>Gain</b>	<b>1,523,127</b>

### **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:

	<b>For the year ended 31 December 2024</b>
Revenue	68,143,676
Cost of revenue	(52,782,593)
<b>Gross profit</b>	<b>15,361,083</b>
Other operating income	6,786,215
Selling and distribution expenses	(5,786,685)
General and administrative expenses	(16,346,940)
<b>Operating loss</b>	<b>13,673</b>
Net finance costs	(1,095,117)
<b>Loss before zakat and income tax</b>	<b>(1,081,444)</b>
Zakat and Income tax expense	--
<b>Loss for the period</b>	<b>(1,081,444)</b>

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### 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

	<b>31 December 2025</b>	31 December 2024
<b>Assets</b>		
Property and equipment	--	45,657,509
Right of use assets	<b>28,540,003</b>	111,550,245
Goodwill and intangible assets	--	985,274
<b>Non-current assets</b>	<b>28,540,003</b>	158,193,028
Inventories	<b>2,299,350</b>	21,140,494
Advances, prepayments and other receivables	--	532,080
<b>Current assets</b>	<b>2,299,350</b>	21,672,574
<b>Total assets classified as held for sale</b>	<b>30,839,353</b>	179,865,602
<b>Liabilities</b>		
Lease liabilities – non-current portion	<b>29,088,885</b>	99,025,903
Post-employment benefits	<b>282,588</b>	3,458,933
<b>Non-Current liabilities</b>	<b>29,371,473</b>	102,484,836
Lease liabilities – current portion	<b>3,455,173</b>	19,964,406
Trade and other payables	<b>3,334,340</b>	98,868,055
<b>Current liabilities</b>	<b>6,789,513</b>	118,832,461
<b>Total liabilities classified as held for sale</b>	<b>36,160,986</b>	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:

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Revenue	<b>31,262,192</b>	298,203,948
Cost of revenue	<b>(58,159,266)</b>	(328,185,067)
<b>Gross loss</b>	<b>(26,897,074)</b>	(29,981,119)
Other operating income	<b>4,276,921</b>	10,345,486
Selling and distribution expenses	<b>(2,261,770)</b>	(11,195,355)
General and administrative expenses		(699,342)
Other operating expense	<b>(20,087,701)</b>	(1,880,327)
<b>Operating loss</b>	<b>(44,969,624)</b>	(33,410,657)
Net finance costs	<b>(3,211,709)</b>	(10,806,589)
<b>Loss before zakat and income tax</b>	<b>(48,181,333)</b>	(44,217,246)
Zakat and Income tax expense	--	--
<b>Loss for the period from discontinued operations</b>	<b>(48,181,333)</b>	(44,217,246)

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### 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:

<b>Description</b>	<b>As of 31-Dec-24 "As Issued"</b>	<b>Reclassification due to change in disposal group held for sale (i)</b>	<b>Reclassification (ii)</b>	<b>As of 31-Dec-24</b>
		<b>Debit/(Credit)</b>	<b>Debit/(Credit)</b>	
<b>Consolidated statement of financial position</b>				
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)
		--	--	
<b>Consolidated statement of cash flows</b>				
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)
		--	--	

- (i) 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 sale" 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.

- (ii) 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.