

# Independent Auditor’s Report

To the shareholders of Fawaz Abdulaziz Al Hokair & Company  
A Saudi Joint Stock Company  
Riyadh, Kingdom of Saudi Arabia

### Opinion

We have audited the consolidated financial statements of Fawaz Abdulaziz Al Hokair & Company (the “Company”) and its subsidiaries (together “the Group”) which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, 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 197 million for the year ended 31 December 2024, and as of that date it recorded accumulated losses of ﷲ 1,607 million. In addition, the Group’s current liabilities exceeded its current assets by ﷲ 2,925 million as of 31 December 2024. 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.

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Key audit matters include the following:

Key audit matter	How the key audit matter was addressed in our audit
Inventories	<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 provisions for inventory impairment based on inventory aging analysis.</li><li>Obtained inventory physical count results from Management to evaluate the inventory provision, 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 ensure the accuracy of the executed inventory count processes for certain samples.</li><li>Tested inventory impairment by evaluating current provision policy levels and recalculated provisions based on inventory aging, to determine the adequacy of these provisions.</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 provision;</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 determine the appropriateness of the associated provision.</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>As of 31 December 2024, the Group’s net inventories balance in the consolidated financial statements amounted to ﷲ 632 million (2023: ﷲ 794 million), inventory write-down provision amounted to ﷲ 79 million (2023: ﷲ 34 million).</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>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-L), and other related inventory disclosures in note (1.1) of the accompanying consolidated financial statements.</p>

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Key audit matters include the following:

Key audit matter	How the key audit matter was addressed in our audit
Impairment of goodwill	<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 actual 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. Also, Management followed a clearly documented process for estimating future cash flows covers the period from 2025 to 2029.</li><li>• Performed a comprehensive sensitivity analysis testing over the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired.</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>

As of 31 December 2024, the Group’s goodwill balance in the consolidated financial statements amounted to **ﷲ** 461 million (2023: **ﷲ** 556 million), while the goodwill impairment charge during the year amounted to **ﷲ** 95 million (2023: **ﷲ** 370 million).

The goodwill comprises a group of cash generating units as follows: Nesk Trading Projects Ltd Company, Food Gate Ltd Company, Wahba Trading Ltd Company, and Innovative Union Ltd Company.

Goodwill is stated at cost acquired, and is tested annually for possible impairment as a result of its indefinite useful life.

We considered this as a key audit matter due to the significant estimates and judgements applied by Management about the main assumptions related to the future cash flows of the underlying businesses as well as the discount rates applied to derive the associated net present values.

Refer to significant judgements and estimates applied by the Group and related to the impairment of goodwill in note (4-B), material accounting policy information of the same matter (5-G.I / L), and other related goodwill disclosures in note (7) of the accompanying consolidated financial statements.

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## Other information

Other information consists of the information included in the Group’s annual report for the year ended 31 December 2024, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information included in its annual report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## Auditor’s responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- 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 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  
Registration No. 362

Riyadh, on 09 Shawwal 1446 (H)  
Corresponding to: 07 April 2025 (G)

# Consolidated Statement of Financial Position

As of 31 December 2024

All amounts are presented in Saudi Riyals unless otherwise stated.

	Note	31 December 2024	31 December 2023
<b>Assets</b>			
Property and equipment	6	1,081,016,664	1,149,972,559
Right-of-use assets	26A	1,455,170,360	2,044,680,531
Goodwill and intangible assets	7	627,455,066	755,769,637
Investment property	8	1,142,400	1,264,800
Equity accounted investment	9	46,004,794	64,828,779
Investment in equity instruments at fair value through other comprehensive income	10	84,371,912	74,189,014
<b>Non-current assets</b>		<b>3,295,161,196</b>	<b>4,090,705,320</b>
Inventories	11	632,282,280	793,514,780
Advances, deposits and other receivables	12	169,214,627	302,375,326
Prepayments	13	35,000,720	25,799,402
Cash and cash equivalents	14	256,211,534	235,247,382
<b>Current assets</b>		<b>1,092,709,161</b>	<b>1,356,936,890</b>
Assets held for sale	34	197,819,749	309,981,001
<b>Total assets</b>		<b>4,585,690,106</b>	<b>5,757,623,211</b>
<b>Equity</b>			
Share capital	19	1,147,664,480	1,147,664,480
Foreign currency translation reserve		(617,207,523)	(564,513,223)
Fair value reserve		83,270,078	42,076,481
Accumulated losses		(1,606,933,730)	(1,403,902,766)
<b>Equity attributable to the shareholders of the Company</b>		<b>(993,206,695)</b>	<b>(778,675,028)</b>
Non-controlling interest	25	(24,928,877)	(27,631,180)
<b>Total equity</b>		<b>(1,018,135,572)</b>	<b>(806,306,208)</b>
<b>Liabilities</b>			
Loans and borrowings	15	82,449,030	208,526,542
Lease liabilities	26B	1,188,752,144	1,555,503,936
Derivative liability	27	--	31,600,110
Employee benefits	17A	73,928,790	89,333,116
<b>Non-Current liabilities</b>		<b>1,345,129,964</b>	<b>1,884,963,704</b>
Loans and borrowings	15	1,760,169,911	2,298,244,234
Lease liabilities	26B	358,309,583	578,755,711
Trade and other payables	16	1,799,511,077	1,400,086,598
Bank overdraft	14	-	47,105,695
Zakat and tax liabilities	18B/C	99,228,865	86,576,599
<b>Current liabilities</b>		<b>4,017,219,436</b>	<b>4,410,768,837</b>
Liabilities associated with assets held for sale	34	241,476,278	268,196,878
<b>Total liabilities</b>		<b>5,603,825,678</b>	<b>6,563,929,419</b>
<b>Total equity and liabilities</b>		<b>4,585,690,106</b>	<b>5,757,623,211</b>

The attached notes from 1 to 34 are an integral part of these consolidated financial statements.

The issuance of these consolidated financial statements was approved by the Board of Directors on 26 Ramadan 1446 AH corresponding to 26 March 2025 AD and signed on its behalf by:

  
**Ahmad Abdelkareem**  
Deputy Chief Financial Officer

  
**Salim Fakhouri**  
Chief Executive Officer

  
**Fawaz Abdulaziz Al Hokair**  
Chairman