

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTHS
PERIODS ENDED 30 SEPTEMBER 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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AND INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of
Fitaihi Holding Group Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of Fitaihi Holding Group Company - A Saudi Joint Stock Company ("the Company") and its subsidiaries (together "the Group") as of September 30, 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-months and Nine-months periods, then ended and the interim condensed consolidated statements of changes in equity and cash flows for the nine-months period then ended and a summary of significant accounting policies and other explanatory notes From (1) to (18) which form an integral part of these interim condensed consolidated financial statement.

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

Scope of Review

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

Other matter - Comparative figures and reissuance of financial statements

The group's consolidated financial statements have been re-issued for the financial year ended on December 31, 2022 in order to adjust the balance and the group's share results of investment in an associated company due to the availability of financial information for that associated company for the year ended on December 31, 2022, which was not available when the consolidated financial statements were issued previously, and that resulted in an increase in the group's net loss for the year ended December 31, 2022 by an amount of 14.6 million Saudi riyals and a decrease in assets and equity by the same amount (for more details, see Note 16).

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
License Number 514



02/05/1445 (H)
16/11/2023 (G)

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(EXPRESSED IN SAUDI RIYALS)**

| | | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|---|------|-------------------------------------|---|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment (Net) | | 40,010,544 | 40,730,410 |
| Right of use assets | | 3,664,821 | 4,655,946 |
| Investment in associates | (5) | 178,747,726 | 170,386,933 |
| Investments in equity instruments at fair value through other comprehensive income | (6) | 152,236,623 | 131,664,575 |
| Total non-current assets | | 374,659,714 | 347,437,864 |
| Current assets | | | |
| Inventory | (7) | 93,661,575 | 97,568,699 |
| Trade receivables and other debit balances | (8) | 4,077,246 | 5,934,127 |
| Cash and cash equivalents | | 7,624,077 | 19,598,658 |
| Total current assets | | 105,362,898 | 123,101,484 |
| Total assets | | 480,022,612 | 470,539,348 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | (9) | 275,000,000 | 275,000,000 |
| Statutory reserve | | 68,156,170 | 68,156,170 |
| Retained earnings | | 94,195,484 | 101,146,416 |
| Revaluation reserve of investments in equity instruments at fair value through other comprehensive income | | 15,521,929 | (4,019,386) |
| Group's share in investment at fair value through other comprehensive income in associate company | | 13,964 | 38,297 |
| Group's share in revaluation reserve for change in fair value of cash flow hedge | | 9,322,332 | 5,337,778 |
| Total equity | | 462,209,879 | 445,659,275 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 2,267,718 | 3,169,725 |
| Employee defined benefit obligations | | 1,881,963 | 1,585,593 |
| Total non-current liabilities | | 4,149,681 | 4,755,318 |
| Current liabilities | | | |
| Current portion of the lease liabilities | | 1,585,005 | 1,585,005 |
| Trade payables and other credit balances | (10) | 9,375,279 | 13,094,806 |
| Zakat payable | (11) | 2,702,768 | 5,444,944 |
| Total current liabilities | | 13,663,052 | 20,124,755 |
| Total liabilities | | 17,812,733 | 24,880,073 |
| Total equity and liabilities | | 480,022,612 | 470,539,348 |

Chief Executive Officer

Chief Financial Officer

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statement

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
(EXPRESSED IN SAUDI RIYALS)**

| | Note | For the three-month period from 1 July to 30 September | | For the Nine-month period ended 30 September | |
|---|------|---|---------------------|---|---------------------|
| | | 2023 Unaudited | 2022 Unaudited | 2023 Unaudited | 2022 Unaudited |
| Net sales | | 6,948,562 | 7,976,041 | 35,649,245 | 44,082,161 |
| Cost of sales | | (4,031,335) | (4,033,621) | (19,758,421) | (28,717,875) |
| Profit of sales | | 2,917,227 | 3,942,420 | 15,890,824 | 15,364,286 |
| Dividends from equity instruments at fair value through other comprehensive income | | - | - | 6,371,512 | 15,287,025 |
| Group's share of the business results of associate company | (5) | 1,955,261 | (17,981,498) | 4,400,572 | (13,829,318) |
| Revaluation gains from investment at fair value through profit or loss | | - | - | 178,812 | - |
| Gains / (loss) from investments | | 1,955,261 | (17,981,498) | 10,950,896 | 1,457,707 |
| Gross (Loss) / profit | | 4,872,488 | (14,039,078) | 26,841,720 | 16,821,993 |
| Selling and distribution expenses | | (3,152,540) | (2,699,015) | (10,227,028) | (8,704,560) |
| General and administrative expenses | | (3,204,721) | (3,204,324) | (9,686,775) | (9,598,276) |
| Total expenses | | (6,357,261) | (5,903,339) | (19,913,803) | (18,302,836) |
| (Loss) / Profit from operation | | (1,484,773) | (19,942,417) | 6,927,917 | (1,480,843) |
| Profit of selling property and equipment | | - | 2,174 | - | 2,174 |
| Other (expenses) / revenues | (12) | (45,729) | 68,524 | (178,849) | 247,111 |
| Net (Loss) / Profit before Zakat | | (1,530,502) | (19,871,719) | 6,749,068 | (1,231,558) |
| Zakat | (11) | (900,000) | (900,000) | (2,700,000) | (2,700,000) |
| Net (Loss) / Profit for the period | | (2,430,502) | (20,771,719) | 4,049,068 | (3,931,558) |
| Other comprehensive income: | | | | | |
| Items that will be reclassified subsequently to profit or loss condensed consolidated | | | | | |
| Group's share in change for fair value of cash flow hedge in associate company | | 3,984,554 | 4,648,798 | 3,984,554 | 4,648,798 |
| Items that will not to be reclassified subsequently to profit or loss condensed consolidated | | | | | |
| Net (losses) / gain from equity instruments at fair value through other comprehensive income | | 1,606,472 | (3,428,865) | 19,541,315 | (64,288,104) |
| Group's share in investment at fair value through other comprehensive income in associate company | | (24,333) | 62,208 | (24,333) | 62,208 |
| Total other comprehensive income / (loss) for the period | | 5,566,693 | 1,282,141 | 23,501,536 | (59,577,098) |
| Net comprehensive (loss) / income for the period | | 3,136,191 | (19,489,578) | 27,550,604 | (63,508,656) |
| Basic and diluted earnings per share from net (loss) / profit | (13) | (0.009) | (0.076) | 0.015 | (0.014) |

Chief Executive Officer

Chief Financial Officer

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

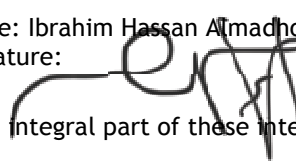
The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(EXPRESSED IN SAUDI RIYALS)**

| | Share capital | Statutory reserve | Retained earnings | Revaluation reserve of investments in equity instruments at fair value through other comprehensive income | Group's share in investment at fair value through other comprehensive income in associate company | Revaluation reserve for change in fair value of cash flow hedge | Total equity |
|--|--------------------|-------------------|--------------------|---|---|---|---------------------|
| For the nine-month period ended 30 September 2023 (Unaudited) | | | | | | | |
| Balance as at 1 January 2023 previously issued (audited) | 275,000,000 | 68,156,170 | 115,771,618 | (4,019,386) | 38,313 | 5,337,869 | 460,284,584 |
| Amendments (Note 16) | - | - | (14,625,202) | - | (16) | (91) | (14,625,309) |
| Balance as at 1 January 2023 reissued (audited) | 275,000,000 | 68,156,170 | 101,146,416 | (4,019,386) | 38,297 | 5,337,778 | 445,659,275 |
| Net profit for the period | - | - | 4,049,068 | - | - | - | 4,409,068 |
| Changes in items of other comprehensive income during the period | - | - | - | 19,541,315 | (24,333) | 3,984,554 | 23,501,536 |
| Total comprehensive income for the period | - | - | 4,049,068 | 19,541,315 | (24,333) | 3,984,554 | 27,550,604 |
| Dividends * | - | - | (11,000,000) | - | - | - | (11,000,000) |
| Balance at 30 September 2023 (unaudited) | 275,000,000 | 68,156,170 | 94,195,484 | 15,521,929 | 13,964 | 9,322,332 | 462,209,879 |
| For the nine-month period ended 30 September 2022 (Unaudited) | | | | | | | |
| Balance as at 1 January 2022 (audited) | 275,000,000 | 68,156,170 | 129,449,158 | 34,926,642 | - | - | 507,531,970 |
| Net (Loss) for the period | - | - | (3,931,558) | - | - | - | (3,931,558) |
| Changes in items of other comprehensive income during the period | - | - | - | (64,288,104) | 62,208 | 4,648,798 | (59,577,098) |
| Total comprehensive (loss) | - | - | (3,931,558) | (64,288,104) | 62,208 | 4,648,798 | (63,508,656) |
| Balance at 30 September 2022 (unaudited) | 275,000,000 | 68,156,170 | 125,517,600 | (29,361,462) | 62,208 | 4,648,798 | 444,023,314 |

* On 4 May, 2023, corresponding to 14 Shawwal, 1444, the Extraordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the financial year ended on 31 December, 2022 from the balance of retained earnings with an amount of 11,000,000 Saudi riyals (0.40 Saudi riyals per share).

Chief Executive Officer
Chief Financial Officer
Name: Yasser Yehia Abdelhamid
Signature: 

Authorized Board Member
Name: Ibrahim Hassan Almadhoon
Signature: 

Chairman of Board of directors
Name: Ahmed Hassan Fitaihi
Signature: 

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements.

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(EXPRESSED IN SAUDI RIYALS)**

| | For the nine-month period ended 30 September | |
|--|---|--------------------|
| | 2023 Unaudited | 2022 Unaudited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit / (Loss) for the period before zakat | 6,749,068 | (1,231,558) |
| Adjustments to reconcile profit before zakat to cash flows from operating activities: | | |
| Depreciation of property and equipment | 943,537 | 891,706 |
| Amortization of right of use assets | 991,125 | 918,250 |
| Employees defined benefit obligations | 361,984 | 397,756 |
| Financing cost - right of use assets | 143,370 | 42,101 |
| Dividends from equity instruments at fair value through other comprehensive income | (6,371,512) | (15,287,025) |
| Investment gains at fair value through profit or loss | (178,812) | - |
| Profits on the disposal of property and equipment | - | (2,174) |
| Group's share of the results of the work of an associate | (4,400,572) | 13,829,318 |
| Changes in work in capital | | |
| Trade receivables and other debit balances | (1,753,039) | (563,482) |
| Inventory | 3,907,124 | 6,995,780 |
| Trade payables and other credit balances | (3,719,527) | 1,918,173 |
| Zakat paid | (5,442,176) | (3,964,010) |
| Employees defined benefit obligations paid | (65,614) | (60,092) |
| Net cash (used in) / generated from operating activities | (8,835,044) | 3,884,743 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (223,671) | (197,690) |
| Purchase of investments in equity instruments at fair value through other comprehensive income | (1,030,733) | (15,553,357) |
| Dividends received from investments in fair value equity instruments | 6,371,512 | 15,287,025 |
| Dividends received from investments in associate companies | 3,609,920 | 3,609,920 |
| Purchase of Investment at fair value through profit or loss | (15,000,000) | - |
| Proceeds from sale of Investment at fair value through profit or loss | 15,178,812 | - |
| Proceeds from sale of property and equipment | - | 2,174 |
| Net cash generated from investing activities | 8,905,840 | 3,148,072 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Lease liabilities paid | (1,045,377) | (1,021,294) |
| Dividends paid | (11,000,000) | - |
| Net cash (used in) financing activities | (12,045,377) | (1,021,294) |
| Net change in cash and cash equivalents during the period | (11,974,581) | 6,011,521 |
| Cash and cash equivalents at the beginning of the period | 19,598,658 | 15,708,438 |
| Cash and cash equivalents at the end of the period | 7,624,077 | 21,719,959 |
| Non - cash transactions | | |
| Gains/(losses) valuation of equity instruments at fair value through other comprehensive income | 19,541,315 | (64,288,104) |
| The group's share in the change in fair value to cover the associate's cash flow risk | 3,984,554 | 4,648,798 |
| The Group's share in (losses) / gains on investments at fair value through the other comprehensive income of the associate | (24,333) | 62,208 |

Chief Executive Officer

Chief Financial Officer

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

The accompanying notes (1) to (18) form an integral part of these interim condensed consolidated financial statements

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(EXPRESSED IN SAUDI RIYALS)**

1. ORGANIZATION AND ACTIVITIES:

Fitaihi Holding Group Company (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Ministerial Resolution No. 1058 dated 9 Raman 1418 H and commercial registration number 4030085128 issued in Jeddah on 5 February 1992 (corresponding to 2 Shaaban 1412 H).

The main activities of the Company and its subsidiaries are as follows:

- a) The activities of the holding companies ((Management of subsidiaries of holding companies, investment of the funds of subsidiaries of holding companies, ownership of real estate and transfers necessary for holding companies, provision of loans, guarantees, and financing to subsidiaries of holding companies, ownership of industrial property rights of holding companies, lease of industrial property rights to holding companies).
- b) Wholesaling of gold and precious equipment, retail sale of precious metals and gemstones.
- c) Buying and selling precious metals and gemstones.
- d) Import, sale, and purchase of precious metals and gemstones.
- e) Welding and polishing workshops (jewelers).
- f) Electronic trade.
- g) Wholesale of carpets and rugs.
- h) Retail trade in sweets, chocolate
- i) Retail trade of blankets, sheets, linens, and bedspreads.
- j) Retail for home appliances and various handicrafts cutting tools, ceramics, and household utensils
- k) Retail trade of business and handicrafts, antiques, and gifts.
- l) Wholesale of bags.
- m) Wholesale of household utensils and table accessories.
- n) Wholesale of gifts and luxuries.
- o) Auctions are not in stores.
- p) Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building facades and others, care and maintenance of highway parks.

The registered address of the Company is the building of the Fitaihi Holding Group Company, Madinah Road, north of the Emirate of Makkah Al-Mukarramah Region, PO Box 2606, Jeddah 21461, Kingdom of Saudi Arabia, the main center of the Company is located in Jeddah.

2. BASIS OF PREPARATION

2.1 Statement of compliance

Interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard, “Interim Financial Reporting” “IAS 34” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be reading in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022 (“The last annual consolidated financial statements”) In addition, results for the Interim period ended 30 Sep 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2. BASIS OF PREPARATION (Continued)

2.2 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Group.

2.3 Basis of Measurement

The interim condensed consolidated financial statements have been prepared under historical cost basis, except for equity instruments which are measured through other comprehensive income and other investments that are measured through profit or loss, and defined benefit liabilities for employees which are measured using the expected credit unit method based on the present value.

2.4 Basis of consolidation

The Group's interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries "the Group" as of 30 September 2023.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns by exercising its influence over the entity. In particular, the Group controls the entity if - and only if - the Group has:

- Control over the entity (example: existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its control over the investee to affect its returns

In general, there is an assumption that the majority of voting rights will lead to control. In order to reinforce this assumption and when the Group has a level below the majority of voting rights or similar rights in the investee company, the Group takes into account all relevant facts and circumstances when assessing whether the Group has influence over the investee, and these facts and conditions include the following:

- Contractual arrangements with others who are entitled to vote in the investee company.
- Rights arising from other contractual arrangements.
- Group voting rights and potential voting rights.

The Group reassesses whether it is still exercising control over the investee, or not, when facts and circumstances indicate that there is a change in one or more of the three elements of control. The consolidation of the subsidiary begins from the date on which the Group controls the subsidiary and continues until the removal of the controls. The assets, liabilities, income and expenses of the subsidiary acquired or sold during the period are included in the interim condensed consolidated financial statements (unaudited) from the date the Group acquires control until the date the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income is distributed between the shareholders of the Group's parent company and the non-controlling interests, even if this distribution may lead to a deficit balance in the non-controlling interests. If necessary, adjustments are made to the financial statements of subsidiaries in the event that there are significant differences between the parent company and the subsidiary in order to reconcile its accounting policies with the financial policies of the Group. All assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full when the financial statements are consolidated.

Proper accounting treatment has been done for any change in ownership interest in a subsidiary that does not result in a loss of control equity.

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(EXPRESSED IN SAUDI RIYALS)**

2. BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation (Continued)

If the Group loses control of a subsidiary, it excludes the assets (including goodwill if any), liabilities and any other components of the subsidiary's equity, and any gain or loss resulting from loss of control is recorded in the interim condensed consolidated statement of profit or loss. Any share of the investment is recognized at fair value.

| <u>Company name</u> | <u>Country of incorporation</u> | <u>Ownership percentage direct as of 30 September 2023</u> | <u>Ownership percentage direct as of 31 December 2022</u> | <u>Activity</u> |
|---|---------------------------------|--|---|--|
| Fitaihi Retail Company (One person company) | Jeddah- KSA | 100% | 100% | Buying and selling precious metals and gemstones, Welding and polishing workshops (jewelers) and electronic trade. Wholesale and retail trade in perfumes, cosmetics, gifts (lighters, button, pens, watches), wholesale trade in Chinese crystal, antiques, household utensils required, leather products, towels, linens, and clothes also wholesale trade in all kinds of foodstuffs and establishment and management of business centers. |
| Saudi Tawteen for Maintenance & Operation | Jeddah- KSA | 100% | 100% | Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building faces and others, care and maintenance of highway parks. |

3. USE OF SIGNIFICANT JUDGMENT, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed consolidated financial statements, it requires to management use judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments used by management in applying the Group accounting policies and methods of calculation, and key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements reissued for the year ending on 31 December 2022.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

There are no new standards issued by the International Accounting Standards Board (IASB), however, a number of amendments to the standards are effective from 1 January 2023, which are explained in the Group's reissued annual consolidated financial statements as at 31 December 2022 and there is no material impact on the Group's condensed consolidated financial statements for the nine months ended 30 September 2023.

FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(EXPRESSED IN SAUDI RIYALS)

5. INVESTMENT IN ASSOCIATES

Investment in associates consist of the following:

| | Country of incorporation | Main Activity | Ownership % | | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|--------------------------------------|--------------------------|---------------------------------------|-------------------|------------------|----------------------------------|--|
| | | | 30 September 2023 | 31 December 2022 | | |
| International Medical Center Company | Kindgom of Saudi Arabia | Management and operation of hospitals | 19.25% | 19.25% | 178,747,726 | 170,386,933 |
| | | | | | <u>178,747,726</u> | <u>170,386,933</u> |

The share of results for the year consists the following:

| | For the three-month period from 1 July to 30 September | | For the nine-month period ended September 30 | |
|---|---|---------------------|---|---------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) | 2023 (Unaudited) | 2022 (Unaudited) |
| Group's share of the results of the International Medical Center Company | 1,955,261 | (17,981,498) | 4,400,572 | (13,829,318) |
| Group's share of Other comprehensive income of the International Medical Center Company | 3,960,221 | 4,711,006 | 3,960,221 | 4,711,006 |
| | <u>5,915,482</u> | <u>(13,270,492)</u> | <u>8,360,793</u> | <u>(9,118,312)</u> |

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

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|---|----------------------------------|--|
| <u>Cost</u> | | |
| Balance as at the beginning of the period / year | 135,683,961 | 118,609,241 |
| Additions during the period / year | 1,030,733 | 17,074,720 |
| Balance as at the end of the period / year | <u>136,714,694</u> | <u>135,683,961</u> |
| <u>Unrealized gains /(losses) on investments in equity instruments at fair value through other comprehensive income</u> | | |
| Balance as at the beginning of the period / year | (4,019,386) | 34,926,642 |
| Net movement during the period / year | 19,541,315 | (38,946,028) |
| Balance as at the end of the period / year | <u>15,521,929</u> | <u>(4,019,386)</u> |
| Net book value as at the end of the period / year | <u>152,236,623</u> | <u>131,664,575</u> |

- All equities are listed in the stock market.

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7. INVENTORY

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|----------------------------|-------------------------------------|---|
| Jewelry and gold | 85,168,076 | 87,370,883 |
| Gold and jewelry materials | 6,840,287 | 8,309,694 |
| Accessories and other | 1,610,325 | 1,839,095 |
| Boxes and packaging tools | 42,887 | 49,027 |
| | <u>93,661,575</u> | <u>97,568,699</u> |

8. TRADE RECIVABLES AND OTHER RECEIVABLES

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|--|-------------------------------------|---|
| Dividend | - | 3,609,920 |
| Trade receivables | 15,089 | 15,089 |
| Prepaid expenses | 1,524,004 | 805,479 |
| Advance payments to suppliers | 901,356 | 155,517 |
| Receivable from the sale of a subsidiary | 935,477 | 935,477 |
| Other receivable | 717,767 | 429,092 |
| | <u>4,093,693</u> | <u>5,950,574</u> |
| Less: provision for impairment | <u>(16,447)</u> | <u>(16,447)</u> |
| | <u>4,077,246</u> | <u>5,934,127</u> |

9. CAPITAL

As of 30 September 2023 the capital consists of 275 million shares, the value of each share is 1 Saudi Riyal, paid in full.

On Muharram 01, 1444 , corresponding to August 08, 2023, the Extraordinary General Assembly approved the recommendation of the Board of Directors of the Group to divide the nominal value of the share from 10 Saudi riyals per share to 1 Saudi riyal per share, while keeping the company's capital unchanged, and thus the number of shares of the group after the split will become 275,000,000 shares instead of 27,500,000 shares.

10. TRADE PAYABLES AND OTHER PAYABLES

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|---------------------------------|-------------------------------------|---|
| Trade payables | 4,526,430 | 7,566,609 |
| Accrued expenses | 1,408,916 | 1,635,959 |
| Advance payments from customers | 1,683,812 | 1,911,826 |
| VAT | 236,409 | 379,541 |
| Other payables | 1,519,712 | 1,600,871 |
| | <u>9,375,279</u> | <u>13,094,806</u> |

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11. ZAKAT PAYABLE

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) Reissued (Note 16) |
|---|-------------------------------------|---|
| Balance as at the beginning of the period/year | 5,444,944 | 5,973,547 |
| Charged during the period/year | 2,700,000 | 3,435,407 |
| Paid during the period/year | (5,442,176) | (3,964,010) |
| Balance as at the end of the period/year | 2,702,768 | 5,444,944 |

The Zakat status

During the period, the group finalized its Zakat position for the years 31 December 2017 and 31 December 2016. The differences in Zakat due for the Zakat assessment issued by the Zakat, Tax and Customs Authority were paid, otherwise there was no material change in the Group's Zakat or tax status compared to the year ended 31 December 2022.

12. OTHER (EXPENSES) / INCOME

| | 30 September 2023 (Unaudited) | 30 September 2022 (Unaudited) |
|--|-------------------------------------|-------------------------------------|
| Debit financing interest - lease contracts | (143,370) | (42,101) |
| Other income | - | 368,219 |
| Other expenses | (35,479) | (79,007) |
| | (178,849) | 247,111 |

13. EARNING PER SHARE

The basic and diluted earnings per share of net income (loss) for the period are calculated by dividing the net profit/(loss) for the period attributable to the shareholders of the parent company by the weighted average number of ordinary shares. A reduced earnings per share is equal to the basic earnings per share. The number of shares for the period ended 30 September 2023 has been adjusted to reflect the split of shares shown in Note 9. Since this split represents an increase in the number of underlying shares without a corresponding change in resources, the reference average of the number of outstanding underlying shares during all periods offered has been revised retrospectively.

The following table reflects the net income data for the period and the number of shares used in calculating basic and diluted earnings per share:

| | For the three - month period from 1 July to 30 September | | For the nine - month period ended 30 September | |
|--|---|---------------------|---|---------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) | 2023 (Unaudited) | 2022 (Unaudited) |
| (loss) / Profit for the period attributable to shareholders | (2,430,502) | (20,771,719) | 4,049,068 | (3,931,558) |
| Weighted average number of ordinary shares outstanding | 275,000,000 | 275,000,000 | 275,000,000 | 275,000,000 |
| Basic and diluted earnings per share from net (loss) profit for the period | (0.009) | (0.076) | 0.015 | (0.014) |

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14. TRANSACTIONS WITH RELATED PARTIES

The related parties represent major shareholders, directors, and key management of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties.

14.1 Related party transactions

The following are the main transaction to related parties without preferential terms during the nine-month ending on 30 September 2023 and 30 September 2022 and related party balances as on 30 September 2023 and 31 December 2022:

| <u>Company</u> | <u>Nature of the relationship</u> | <u>Nature of the transaction</u> | 30 September 2023 (unaudited) | 30 September 2022 (unaudited) | 30 September 2023 (unaudited) | 31 December 2022 (audited) Reissued (Note 16) |
|------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--|
| International Medical Center | Associate Company | Sales of goods | - | 2,720,395 | - | - |

14.2 Allowances and remuneration of members of the Board of Directors and senior executives

The compensation of senior executive management and the Board of Directors during the period is as follows:

| | <u>For the period ended 30 September</u> | |
|--|--|---------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) |
| Salary and other benefits | 1,980,299 | 1,805,696 |
| End of service benefits | 69,563 | 69,563 |
| Bonuses and allowance for attending board meetings | 900,000 | 924,667 |
| | <u>2,949,862</u> | <u>2,799,926</u> |

15. OBJECTIVES AND POLICES OF RISK MANAGEMENT

Risks are part of the Group's activities and are managed through a continuous mechanism which consists of identifying risks, then evaluating and following them up in accordance with other approved restrictions and controls. The process of managing risk is essential to the group's ability to generate profits. The group is exposed to market risk, currency risk, credit risk and liquidity risk

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Foreign Currency risk

The risks related to currency fluctuations associated with financial instruments are concentrated in currency fluctuations of the Group's foreign investments, as the main Group's investments in the stock market are concentrated on the Egyptian Stock Exchange, and therefore their fair value is affected by the exchange rate of Egyptian pound from one period to another. According to the economic and political conditions in the Egypt, the Group considers that most of its investments are for long-term strategic purposes.

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Group works to limit credit risk. Management believes that credit risk is limited given that the Group's sales are monetary.

15. OBJECTIVES AND POLICES OF RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities, as they fall due. Liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any liabilities as they arise.

The Group's current financial liabilities, amounting to SAR 13,6 million as on 30 September 2023 (December 31, 2022: SAR 20 million), consist of lease commitments, the current portion, trade and other credit balances and accrued zakat. Virtually all of these financial liabilities are expected to be settled within 12 months from the date of the condensed consolidated statement of financial position and the Group expects to have sufficient funds to do so.

The Group's non-current financial liabilities amounting to SR 4,1 million as of 30 September 2023 (31 December 2022: SR 4,8 million) consist of net employee defined benefit obligations. Employees' defined benefit obligations are paid in accordance with the actual timing of the employees' term of service.

Stock price Risk

The Group is exposed to market price risks on its investments in shares traded and arising from the uncertainty in the future value of shares traded. Reports on investment in shares traded are regularly reported to Top management.

Capital risk management

For the purpose of managing the group's capital risk, equity consists of capital, statutory reserve attributable to the shareholders of the parent company, retained earnings and equity instruments valuation reserve at fair value through other comprehensive income. The main objective of capital management is to maximize shareholder equity.

The Group manages and adjust its capital structure in light of changes in economic conditions and financial commitment requirements. In order to maintain or just the capital structure, the group may adjust dividends to shareholders or share reduction or issue new shares.

The Group does not have a capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the group remains the same, unchanged from the previous year. The group's capital structure consists of equity (consisting of equity capital and statutory reserve attributable to shareholders of the parent company, retained earnings and equity instruments valuation reserve at fair value through other comprehensive income).

Fair value

The fair value is the price that would be received to sell an asset or paid to transfer any of the liabilities in a transaction under normal circumstances between market participants at the measurement date. As such, differences can arise between the carrying values and the fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- **Level 2** - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** - inputs for the asset or liability that are not based on observable market data.

There were no transfers between Level 1, Level 2 and Level 3 during the period ending 30 September 2023.

All financial assets and financial liabilities of the Group are recorded at amortized cost, except for:

investments in equity instruments at fair value through other comprehensive income, as they are listed in an active market and are evaluated according to level one (share price on the reporting date).

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16. COMPARATIVE FIGURES AND REISSUANCE

The associate company International Medical Center Company has completed the preparation of its financial statements for the fiscal year ending 31 December 2022 and the Group has adjusted its share in the results of the associate's business and related balances in the previously issued consolidated financial statements for the year ended 31 December 2022. The effect of these adjustments is to increase the net loss for the year ended 31 December 2022 by SAR 14.6 million, bringing the net loss for that year to SAR 31.8 million. The reissued consolidated financial statements for the year ended 31 December 2022 were previously issued on 21 March 2023 and referred to in the group's announcement on Tadawul website on 22 March 2023, and accordingly, the reason for the qualification in the auditor's report has been completed. The tables below show the impact on the reissued consolidated financial statements for the year ended 31 December 2022:

Statement of reissued consolidated financial position for the year ended 31 December 2022:

| | Balance included in the previously issued financial statements | Amendments referred to above | Balance included in the reissued financial statements |
|---|---|---|--|
| <u>ASSETS</u> | | | |
| Non-current assets | | | |
| Investment in associates | 185,012,242 | (14,625,309) | 170,386,933 |
| Total non-current assets | 362,063,173 | (14,625,309) | 347,437,864 |
| Total assets | 485,164,657 | (14,625,309) | 470,539,348 |
| <u>Owner equity</u> | | | |
| Retained earning | 115,771,618 | (14,625,202) | 101,146,416 |
| Group's share in investment at fair value through other comprehensive income in associate company | 38,313 | (16) | 38,297 |
| Group's share in evaluation reserve for change in fair value of cash flow hedge | 5,337,869 | (91) | 5,337,778 |
| Total owner equity | 460,284,584 | (14,625,309) | 445,659,275 |

Statement of reissued consolidated profit or Loss for the year ended 31 December 2022:

| | Balance included in the previously issued financial statements | Amendments referred to above | Balance included in the reissued financial statements |
|--|---|---|--|
| Group's share of the business results of associates | (24,813,186) | (14,620,960) | (39,434,146) |
| Total (Loss) / Profit | (13,938,818) | (14,620,960) | (28,559,778) |
| (Loss) / Profit before Zakat | (13,809,128) | (14,620,960) | (28,561,546) |
| Net (loss) / profit for the year | (17,244,535) | (14,620,960) | (31,865,495) |
| Basic losses per share and reduced from net profit | (0,63) | (0,53) | (1,16) |

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16. COMPARATIVE FIGURES AND REISSUANCE (Continued)

Statement of reissued other comprehensive income statement for the year ended 31 December 2022:

| | Balance included in the previously issued financial statements | Amendments referred to above | Balance included in the reissued financial statements |
|--|--|---------------------------------|--|
| Net (loss) / profit for the year | (17,244,535) | (14,620,960) | (31,865,495) |
| Group's share in the profits of the remeasurement of the defined benefit obligations of employees of associates company | 3,610,515 | (4,242) | 3,606,273 |
| Group's share of the change in fair value to hedge the associate's cash flow risk of associate company | 5,337,869 | (91) | 5,337,778 |
| Group's share in the valuation profits of investments in equity instruments through the other comprehensive income of the associate company | 38,313 | (16) | 38,297 |
| Total comprehensive (loss) | (47,247,386) | (14,625,309) | (61,872,695) |

Statement of changes in reissued consolidated equity for the year ended 31 December 2022:

| | Balance included in the previously issued financial statements | Amendments referred to above | Balance included in the reissued financial statements |
|--|---|---------------------------------|--|
| Retained earnings | 115,771,618 | (14,625,202) | 101,146,416 |
| Group's share in the valuation profits of investments in equity instruments through the other comprehensive income of the associate company | 38,313 | (16) | 38,297 |
| Group's share of the change in fair value to hedge the associate's cash flow risk of associates company | 5,337,869 | (91) | 5,337,778 |
| Total Equity | 460,284,584 | (14,625,309) | 445,659,275 |

Statement of reissued Consolidated Cash Flows for the year ended 31 December 2022:

| | Balance included in the previously issued financial statements | Amendments referred to above | Balance included in the reissued financial statements |
|---|---|---------------------------------|--|
| Net (loss) before zakat | (13,809,128) | (14,620,960) | (28,430,088) |
| Group's share of the results of the work of associates company | 24,813,186 | 14,620,960 | 39,434,146 |

17. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current period's presentation.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

These interim condensed consolidated financial statements (Unaudited) were approved by the Board of Directors on 09/11/2023.