AFG Retail Reports 6.3% Revenue Growth to SAR 3.9 billion in 9M 2026 Supported by Portfolio Diversification and Improved Operating Profit

- **Revenue growth continued in 9M-26**, with revenue increasing by 6.3% YoY to SAR 3.90 billion and Group LFL growth of 7.9%, supported by positive performance across KSA and international markets and broader portfolio contributions.
- **Q3-26 delivered resilient performance**, with revenue increasing 6.0% YoY to SAR 1.28 billion and Group LFL growth of 8.0%, demonstrating continued underlying demand during a comparatively non-peak quarter. KSA revenue grew 4.5% in both 9M-26 and Q3-26, with LFL growth of 5.6% and 6.9%, respectively.
- **Portfolio diversification strengthened further**, with growth broadening beyond the Group's core Zara and Inditex portfolio, with strong contributions from Electronics, Sports, Beauty and Lifestyle, alongside double-digit international revenue growth of 14.2% in 9M-26 and 10.9% in Q3-26.
- **Digital momentum continued**, with online sales increasing 10.1% YoY to SAR 319.7 million in 9M-26 and 8.0% YoY to SAR 102.3 million in Q3-26, with strong performance from Aleph (Apple Premium Partner).
- **Operating profitability improved**, with operating profit increasing to SAR 133.1 million in 9M-26, compared with SAR 39.4 million in 9M-25. In Q3-26, the Group recorded an operating profit of SAR 33.4 million, compared with an operating loss of SAR 35.2 million in Q3-25, which included non-recurring professional fees related to the transformation plan and refinancing.
- **Net loss narrowed**, with the 9M-26 net loss declining to SAR 221.3 million and the Q3-26 net loss decreasing 28.9% YoY to SAR 90.3 million, as improved operating performance was partly offset by higher net finance costs.

Riyadh, Saudi Arabia, 05 November 2026: AFG International Company (Tadawul: 4240, the "Group" or the "Company"), operating under the AFG Retail brand identity and the Kingdom of Saudi Arabia's leading franchise retailer, today announced its financial results for the nine-month period ("9M-26") and third quarter ("Q3-26") ended 30 September 2026.

The Group delivered broad-based topline growth and improved operating profitability during 9M-26. Revenue increased 6.3% YoY to SAR 3.90 billion, with Group LFL growth of 7.9%, supported by positive performance across both KSA and international markets. The Inditex portfolio, including ZARA, delivered LFL growth of 4.9%, alongside a growing contribution from Electronics, Sports, Beauty, Lifestyle and other Fashion categories, while online sales increased 10.1% YoY.

Q3-26 revenue increased 6.0% YoY, reflecting resilient underlying demand during a non-peak trading quarter. Growth continued to broaden across the portfolio, with particularly strong contributions from Electronics, Sports, Beauty and Lifestyle. In KSA, performance was supported by higher average transaction values and strong demand for Electronics around new product launches, while international markets continued to deliver broad-based growth, with revenue increasing 10.9% YoY.

Sameer Jain, Chief Executive Officer of AFG Retail, commented: "Our 9M-26 performance demonstrates continued progress in strengthening the quality and resilience of the business.

We delivered solid growth across KSA and international markets while improving operating profitability, reflecting greater commercial discipline, stronger store productivity and a broader contribution across our portfolio.

ZARA and Inditex remain fundamental to our business, while the growing contribution from Electronics, Sports, Beauty, Lifestyle, digital channels and international markets is creating a more diversified platform for sustainable growth. This balance across brands, categories, markets and channels is central to the direction we are taking AFG Retail.

As we progress through Phase Two of our transformation, our focus is on translating this stronger operating foundation into sustainable profitability and long-term value creation for our shareholders. We will continue to prioritize disciplined capital allocation, store productivity, operational efficiency and selective growth. Against the current regional operating backdrop, we are also proactively managing inventory intake and shipment phasing, while using alternative logistics routes where appropriate to support product availability and maintain disciplined stock levels. We remain focused on building a more efficient, diversified and resilient retail business."

Financial KPIs

SAR million	Q3-25	Q3-26	Δ	9M-25	9M-26	Δ
Revenues	1,208.9	1,281.4	+6.0%	3,672.0	3,904.7	+6.3%
Gross Profit	**352.0**	**367.7**	**+4.5%**	**1,189.4**	**1,220.4**	**+2.6%**
Margin	29.1%	28.7%	-0.4pp	32.4%	31.3%	-1.1pp
Operating Profit	**(35.2)**	**33.4**	**n.m**	**39.4**	**133.1**	**+237.6%**
Margin	-2.9%	2.6%	+5.5pp	1.1%	3.4%	+2.3pp
Net profit	**(127.1)**	**(90.3)**	**+28.9%**	**(234.7)**	**(221.3)**	**+5.7%**
Margin	-10.5%	-7.0%	+3.5pp	-6.4%	-5.7%	+0.7pp

Operational highlights

Store network decreased 7.9% YoY to 718 stores at the end of Q3-26, reflecting the Group's continued focus on portfolio quality and operational efficiency. During Q3-26, the Group opened 2 stores and closed 7, exiting the FNAC electronics franchise in KSA with its two remaining stores. The brand portfolio stood at 38 franchises at the end of Q3-26, compared with 46 a year earlier.

Gross Leased Area (GLA) declined 4.6% YoY to 294k sqm, in line with the Group's disciplined approach to optimizing its physical footprint across KSA and international markets.

Revenue per store increased 15.5% YoY to SAR 5.44 million in 9M-26, with Q3-26 revenue per store rising 15.1% YoY, reflecting continued productivity gains across the store network.

	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26
Gross Floor Area (SQM)	308k	306k	304k	301k	294k
Revenue per Store (SAR 000's)	**1,550**	**1,939**	**1,870**	**1,740**	**1,785**
Number of Stores	780	742	730	723	718
Stores Opened	2	0	0	1	2
Stores Closed	14	38	12	8	7
Number of Brands	**46**	**41**	**41**	**39**	**38**

Financial highlights

Revenue Analysis

Group revenue grew 6.3% YoY to SAR 3.9 billion in 9M-26, including 6.0% growth in Q3-26, supported by positive performance across KSA and international markets and a growing contribution from Electronics, Sports, Beauty, Lifestyle and other Fashion brands. Group LFL growth reached 7.9% in 9M-26 and 8.0% in Q3-26, as a result of higher average transaction value despite Q3 being a comparatively non-peak trading period. Electronics delivered LFL growth of 34.0% in 9M-26 and 24.2% in Q3-26, while Sports, Beauty and Lifestyle LFL grew 33.7% and 32.9%, respectively. Other Fashion brands recorded LFL growth of 12.8% in 9M-26 and 14.2% in Q3-26. The stronger LFL performance relative to reported revenue growth also reflects the Group's continued optimization of its store network, with revenue per store increasing 15.5% YoY in 9M-26 and 15.1% YoY in Q3-26.

KSA revenue excluding F&B increased 4.5% YoY to SAR 2.42 billion in 9M-26 and 4.5% YoY to SAR 713.9 million in Q3-26, with LFL growth of 5.6% and 6.9%. Performance was supported by higher average transaction values and continued strength across the broader portfolio. Electronics delivered LFL growth of 34.0% in 9M-26 and 24.2% in Q3-26, led by Aleph (Apple Premium Partner), which benefited from continued strong demand for Apple products, including new products launches. Sports, Beauty and Lifestyle recorded LFL growth of 44.0% in 9M-26 and 44.7% in Q3-26. The overall Inditex portfolio delivered Q3-26 LFL growth of 0.6%, including Zara, which achieved LFL growth of 3.8%.

International revenue increased 14.2% YoY to SAR 1.26 billion in 9M-26 and 10.9% YoY to SAR 489.9 million in Q3-26, with LFL growth of 15.6% and 11.4%, respectively. Performance was driven predominantly by like-for-like growth, reflecting sustained demand for the Inditex portfolio across key CIS markets where the Group has established positions. Armenia (+24.4%), Uzbekistan (+19.0%) and Georgia (+17.5%) led revenue growth in 9M-26, while Armenia (+16.6%) and Georgia (+15.2%) continued to deliver double-digit growth in Q3-26.

F&B revenue declined 11.4% YoY to SAR 219.1 million in 9M-26. Q3-26 revenue declined 7.6% YoY to SAR 77.5 million, mainly driven by the impact of portfolio rationalization and associated store closures. As a result, the F&B portfolio declined 6.6% in 9M-26 and 1.5% in Q3-26 on a LFL basis. Subway continued to deliver double-digit LFL growth, increasing 10.7% in Q3-26 and 11.7% in 9M-26, supported by value-led menu initiatives. Cinnabon also showed improved performance during the quarter, supported by targeted marketing campaigns and value-led

offers. The segment continues to execute a turnaround programme focused on improving unit economics, strengthening menu relevance and optimizing the store network.

Online sales increased 10.1% YoY to SAR 319.7 million in 9M-26 and 8.0% YoY to SAR 102.3 million in Q3-26, representing 8.2% and 8.0% of Group revenue, respectively. Growth was led by Aleph (Apple Premium Partner), where online sales rose 63.2% YoY in 9M-26 and 42.8% in Q3-26 supported by continued strong demand for Apple products. ZARA maintained positive online growth in 9M-26 of 6.6% and 2.4% in Q3-26.

Profitability

Gross profit increased 2.6% YoY to SAR 1.22 billion in 9M-26 and 4.5% YoY to SAR 367.7 million in Q3-26, supported by revenue growth. Gross margin was 31.3% in 9M-26 compared with 32.4% in 9M-25, and 28.7% in Q3-26 compared with 29.1% in Q3-25, as cost of revenue increased 8.1% YoY to SAR 2.68 billion in 9M-26 and 6.6% YoY to SAR 913.6 million in Q3-26.

Operating profit reached SAR 133.1 million in 9M-26, up from SAR 39.4 million in 9M-25, supported by a significant reduction in **other operating expenses**, which declined 87.7% to SAR 11.2 million. The decrease primarily reflected the non-recurrence of SAR 57.5 million in foreign exchange losses and a SAR 29.7 million non-recurring tax liability settlement recorded in 9M-25, compared with SAR 9.1 million in tax expenses in 9M-26. **SG&A expenses** increased marginally by 1.7% to SAR 1,096.2 million, driven by a 7.9% rise in selling and distribution expenses, which included SAR 59.2 million in non-financial asset impairments (SAR 55.0 million in Q2-26 and SAR 4.2 million in Q3-26), alongside higher advertising and promotional costs. This increase was largely offset by a 23.0% reduction in general and administrative expenses. Meanwhile, **other operating income** declined 32.9% to SAR 25.2 million, primarily reflecting the non-recurrence of a SAR 21.9 million capital gain recorded in Q1-25 as part of the brand divestment program, partially offset by a SAR 9.9 million gain from lease reassessment in Q3-26.

In Q3-26, **operating profit** reached SAR 33.4 million, compared with an operating loss of SAR 35.2 million in Q3-25. **SG&A expenses** declined 10.9% to SAR 341.1 million, driven by a 40.5% reduction in general and administrative expenses reflecting the non-recurrence of approximately SAR 28 million in professional fees associated with the transformation plan and refinancing in Q3-25. Selling and distribution expenses also decreased 2.4%, benefiting from a one-time SAR 19 million rent reduction from negotiated discounts during the quarter. **Other operating expenses** fell 60.2% to SAR 2.8 million, largely reflecting the non-recurrence of SAR 8.1 million in foreign exchange losses recorded in Q3-25. Meanwhile, **other operating income** increased to SAR 9.7 million, primarily driven by the SAR 9.9 million gain from lease reassessment.

Net loss narrowed to SAR 221.3 million in 9M-26 from SAR 234.7 million in 9M-25, and to SAR 90.3 million in Q3-26 from SAR 127.1 million, a 28.9% improvement. Improved operating performance was partly offset by higher **net finance costs**, which increased 33.8% YoY to SAR 314.7 million in 9M-26 from SAR 235.1 million, and 25.7% YoY to SAR 108.1 million in Q3-26 from SAR 86.0 million, reflecting the full-period impact of the financing facilities put in place in 2025.

Balance Sheet Key Elements

On 30 September 2026, accumulated losses stood at SAR 2.49 billion, representing 217.3% of share capital. Total equity remained negative at SAR 1.84 billion, while net debt increased 4.8% from year-end 2025 to SAR 2.88 billion.

SAR million	31-Dec-25	30-Jun-26	30-Sept-26
Cash & Cash Equivalents	244.0	162.1	169.4
Inventories	596.5	569.7	580.5
Total Assets	**4,542.2**	**4,670.2**	**4,532.3**
Short-Term Bank Loans	40.9	10.3	6.7
Shareholders' Loan (Al-Futtaim)	1,378.5	1,438.2	1,469.6
Loans and borrowings non-current	1,574.0	1,574.5	1,574.8
Accumulated Loss	**(2,260.5)**	**(2,394.4)**	**(2,493.5)**
Total Equity	**(1,612.2)**	**(1,742.7)**	**(1,836.2)**
Net Debt	**2,749.4**	**2,861.0**	**2,881.7**

Strategy & Outlook

AFG Retail enters the final quarter of 2026 focused on sustaining trading momentum and further strengthening operational performance as the Group continues to execute Phase Two of its transformation strategy.

Management remains focused on improving store productivity, maintaining disciplined cost and capital allocation, optimizing the portfolio and developing the Group's international and digital growth channels.

Selective expansion remains focused on high-potential locations, including planned store openings in Riyadh and Jeddah, subject to project delivery timelines and market conditions. Alongside its physical network, the Group continues to strengthen its digital proposition through initiatives aimed at improving product availability, delivery and the overall customer experience.

Against the current regional operating backdrop, the Group is proactively managing inventory and inbound logistics, including rerouting selected inbound shipments through alternative logistics gateways where appropriate. These measures are intended to support product availability while maintaining disciplined inventory levels.

Looking ahead, the Group remains focused on improving profitability, strengthening operational efficiency and maintaining disciplined inventory management, supporting the continued transformation of the business and sustainable long-term value creation for shareholders.

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About AFG International Company

Operating under the AFG Retail brand identity, AFG International is Saudi Arabia's leading franchise retailer and the only listed business of its kind in the Middle East. Since the opening of its first store in 1991, AFG International has grown considerably and now trades in 700+ stores in 8 countries, managed by a workforce numbering more than 7,500. AFG International currently represents 38 brands, spanning fashion for women, men and kids, beauty, sports, tech, lifestyle, and F&B. Please visit www.afgretail.com

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