



## **Al Majed For Oud Company**

(A Saudi Joint Stock Company)

**THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025, AND  
INDEPENDENT AUDITOR'S REPORT**

**Al Majed For Oud 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 Al Majed for Oud Company  
(Saudi Joint Stock Company)  
Riyadh – Kingdom of Saudi Arabia

### Opinion

We have audited the consolidated financial statements of **Al Majed for Oud Company** (the “Company”) and its subsidiary (together “the Group”) which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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.

### 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 period. 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 on the consolidated financial statements of Al Majed for Oud Company and its subsidiary for the year ended 31 December 2025 (continued)**

**Key audit matters (continued)**

The key audit matters	How the matters were addressed in our audit
<p><b>Revenue Recognition</b></p> <p>During the year ended 31 December 2025, the Group recognized revenue of SR 1,103 million (2024: 926 million).</p> <p>The Group recognizes revenue upon satisfaction of performance obligations in line with its policies, which typically results in revenue being recognized at a specific point in time in line with the requirements of International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers.</p> <p>We identified the revenue as a key audit matter because of considering the revenue as a critical performance measure, which includes an inherent risk of potential revenue overstatement. Refer to the accounting policy relating to revenue recognition in Note 3.17 and the related disclosures in Note 19 to the consolidated financial statements.</p>	<p><i>We performed the following procedures:</i></p> <ul style="list-style-type: none"> <li>- Evaluated the appropriateness of the Group's revenue recognition policy and its compliance with the relevant IFRS accounting standards.</li> <li>- Reviewed the design, implementation, and operating effectiveness of the Group's controls, including automated controls related to revenue recognition.</li> <li>- Performed sample-based testing on the sales invoices recorded during the year and agreed them to the related cash collections to ensure the accuracy and validity of revenue recognition.</li> <li>- Assessed a sample of sales transactions occurring pre- and post-year-end to ensure revenue was recorded in the correct accounting period.</li> <li>- Performed analytical procedures and analyzing the variances.</li> <li>- Evaluated the adequacy of the disclosures included in the consolidated financial statements.</li> </ul>

***INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of  
Al Majed for Oud Company and its subsidiary for the year ended 31 December 2025 (continued)***

**Other information**

Other information consists of the information included in the Group's annual report for the year ended 31 December 2025, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information 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. 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, the Group's 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 on the consolidated financial statements of Al Majed for Oud Company and its subsidiary for the year ended 31 December 2025 (continued)***

***Auditor's responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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 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.

***INDEPENDENT AUDITOR'S REPORT on the consolidated financial statements of Al Majed for Oud Company and its subsidiary for the year ended 31 December 2025 (continued)***

***Auditor's responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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 Mohamed Al-Amri  
Managing Partner  
Certified Public Accountant  
License No. 362



Riyadh, on 23 Sha'aban 1447 (H)  
Corresponding to: 11 February 2026 (G)

# Al Majed For Oud Company

(A Saudi Joint Stock Company)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

All amounts are in Saudi Riyals (ﷲ)

	Note	As at December 31,	
		2025	2024
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	140,417,645	141,245,869
Right-of-use Assets	6.1	214,986,897	236,905,859
Investment properties	7	1,457,531	-
Intangible assets	8	535,728	860,225
<b>Total Non-Current Assets</b>		<b>357,397,801</b>	<b>379,011,953</b>
<b>Current Assets</b>			
Inventories	9	260,341,478	313,567,157
Trade receivables	10	5,255,072	5,898,864
Due from related parties	11.2	-	6,746,583
Prepayments and other debit balances	12	49,174,245	58,859,807
Cash and Cash Equivalents	13	233,754,940	29,649,142
<b>Total Current Assets</b>		<b>548,525,735</b>	<b>414,721,553</b>
<b>Total Assets</b>		<b>905,923,536</b>	<b>793,733,506</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	17	250,000,000	250,000,000
Statutory Reserve	18	25,748	-
Retained Earnings		337,637,948	220,058,190
Actuarial measurement of end-of-service benefits liability reserve		(2,506,476)	(1,615,910)
Foreign currency translation reserve		(903,210)	(253,808)
<b>Total Equity</b>		<b>584,254,010</b>	<b>468,188,472</b>
<b>Non-current liabilities</b>			
End-of-service benefits liability	14	21,005,439	15,088,584
Lease Liabilities	6.2	123,633,438	142,762,103
Deferred tax liabilities		155,221	70,617
<b>Total non-current liabilities</b>		<b>144,794,098</b>	<b>157,921,304</b>
<b>Current Liabilities</b>			
Current portion of lease liabilities	6.2	83,025,793	80,425,445
Trade Payables		27,305,795	44,766,807
Payables and other credit balances	15	53,211,232	33,722,585
Zakat Provision	16.2	9,959,998	6,628,179
Income Tax Provision	16.4	3,372,610	2,080,714
<b>Total Current Liabilities</b>		<b>176,875,428</b>	<b>167,623,730</b>
<b>Total Liabilities</b>		<b>321,669,526</b>	<b>325,545,034</b>
<b>Total Equity and Liabilities</b>		<b>905,923,536</b>	<b>793,733,506</b>



Chief Financial Officer  
Firas Dirar Musmar



Chief Executive Officer  
Waleed Khalid Al Majed



Board Chairman  
Majed Ali Othman Al Majed

The accompanying notes form an integral part of these consolidated financial statements and should be read in conjunction therewith.

# Al Majed For Oud Company

(A Saudi Joint Stock Company)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are in Saudi Riyals (ﷻ)

	Note	For the Year ended December 31,	
		2025	2024
Revenue	19	<b>1,103,502,157</b>	926,002,004
Cost of Revenue	20	<b>(380,250,279)</b>	(316,306,499)
<b>Gross Profit</b>		<b>723,251,878</b>	609,695,505
Selling and Marketing Expenses	21	<b>(431,249,497)</b>	(387,786,456)
General and Administrative Expenses	22	<b>(54,545,685)</b>	(43,396,395)
<b>Operating profit</b>		<b>237,456,696</b>	178,512,654
Finance Costs	23	<b>(14,610,494)</b>	(14,358,075)
Other income / expenses	24	<b>8,191,664</b>	1,766,193
<b>Profit for the year before Zakat and tax</b>		<b>231,037,866</b>	165,920,772
Zakat expense	16.2	<b>(9,976,619)</b>	(6,627,138)
Tax expense		<b>(3,455,741)</b>	(2,335,105)
<b>Net profit for the year</b>		<b>217,605,506</b>	156,958,529
<b>Other Comprehensive Income:</b>			
<b>Item that may be reclassified subsequently to the statement of profit or loss:</b>			
Foreign currency translation differences		<b>(649,402)</b>	22,450
<b>Items that will not be reclassified subsequently to the statement of profit or loss:</b>			
Change in fair value of financial assets at fair value through other comprehensive income		-	1,239,012
Actuarial remeasurement of end-of-service benefits liability	14	<b>(890,566)</b>	(1,857,094)
<b>Other comprehensive income for the year</b>		<b>(1,539,968)</b>	(595,632)
<b>Total comprehensive income for the year</b>		<b>216,065,538</b>	156,362,897
Basic and diluted earnings per share based on annual profit attributable to shareholders of the company	25	<b>8.70</b>	6.28



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# Al Majed For Oud 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)

	Share Capital	Statutory Reserve	Retained Earnings	Actuarial measurement of end-of-service benefits liability reserve	Fair value reserve	Foreign currency translation reserve	Total Equity
<b>Balance as at 1 January 2024</b>	250,000,000	42,402,397	84,058,427	241,184	835,026	(276,258)	<b>377,260,776</b>
Net profit for the year	-	-	156,958,529	-	-	-	<b>156,958,529</b>
Other comprehensive income	-	-	-	(1,857,094)	1,239,012	22,450	<b>(595,632)</b>
Total comprehensive income for the year	-	-	156,958,529	(1,857,094)	1,239,012	22,450	<b>156,362,897</b>
Net impact of disposal of equity instrument at fair value	-	-	2,074,038	-	(2,074,038)	-	<b>-</b>
IPO Costs reimbursed (Note 26)	-	-	9,564,799	-	-	-	<b>9,564,799</b>
Transfer to retained earnings (Note 18)	-	(42,402,397)	42,402,397	-	-	-	<b>-</b>
Reversal of dividends (Note 30)	-	-	50,000,000	-	-	-	<b>50,000,000</b>
Dividends (Note 30)	-	-	(125,000,000)	-	-	-	<b>(125,000,000)</b>
Balance as at 31 December 2024	250,000,000	-	220,058,190	(1,615,910)	-	(253,808)	<b>468,188,472</b>
<b>Balance as at 1 January 2025</b>	<b>250,000,000</b>	<b>-</b>	<b>220,058,190</b>	<b>(1,615,910)</b>	<b>-</b>	<b>(253,808)</b>	<b>468,188,472</b>
Net profit for the year	-	-	217,605,506	-	-	-	<b>217,605,506</b>
Other comprehensive income	-	-	-	(890,566)	-	(649,402)	<b>(1,539,968)</b>
Total comprehensive income for the year	-	-	217,605,506	(890,566)	-	(649,402)	<b>216,065,538</b>
Statutory Reserve formation	-	25,748	(25,748)	-	-	-	<b>-</b>
Dividends (Note 30)	-	-	(100,000,000)	-	-	-	<b>(100,000,000)</b>
Balance as at 31 December 2025	250,000,000	25,748	337,637,948	(2,506,476)	-	(903,210)	<b>584,254,010</b>



Chief Financial Officer  
Firas Dirar Musmar



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# Al Majed For Oud Company

(A Saudi Joint Stock Company)

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

All amounts are in Saudi Riyals (ﷻ)

	Note	For the Year ended December 31,	
		2025	2024
<b>Operating activities:</b>			
Net profit before Zakat and tax		231,037,866	165,920,772
<b>Adjustments for:</b>			
Charging (Reversal) expected credit losses for trade receivable	10 (a)	155,830	(162,779)
(Reversal) Charging expected credit loss for due from related parties	11.2 (a)	(27,938)	27,938
Charging (Reversal) Provision for slow-moving inventories	9 (a)	1,615,605	(1,673,962)
Depreciation of Property, Plant and Equipment	5	33,582,391	33,513,732
Depreciation of Investment properties	7	9,835	-
Amortization of Right-of-use Assets	6.1	97,863,099	86,074,146
Finance costs	23	14,610,494	14,358,075
Amortization of intangible assets	8	329,185	425,757
Lease concessions	24-6.2	(1,385,451)	(1,475,000)
Employee benefit provision expense	14	5,678,847	3,032,962
Murabaha deposit and investment funds interest income	24	(4,834,672)	(819,375)
Loss on disposal of Property, Plant and Equipment	24	345,102	667,000
Gain on modification and disposals of leases	24	(1,045,064)	(106,632)
Loss on disposal intangible assets	24	-	334,463
Dividends from financial assets at FVOCI	24	-	(102,013)
		<b>377,935,129</b>	<b>300,015,084</b>
<b>Changes in:</b>			
Trade Receivables		7,262,487	3,599,823
Prepayments and other debit balances		9,846,155	(16,581,683)
Due from related parties		-	(4,506,224)
Inventories		51,610,092	(21,709,183)
Trade Payables		(17,459,570)	21,383,570
Payables and other credit balances		19,488,647	(4,095,451)
Due to related parties		-	(48,058,382)
<b>Cash flows generated from operating activities</b>		<b>448,682,940</b>	<b>230,047,554</b>
Employee benefits paid	14	(1,398,077)	(1,306,829)
Zakat paid	16.2	(6,644,800)	(7,927,006)
Income tax paid		(2,080,713)	(183,774)
<b>Net cash flows generated from operating activities</b>		<b>438,559,350</b>	<b>220,629,945</b>
<b>Investing Activities:</b>			
Additions to Property, Plant and Equipment	5	(34,614,032)	(42,976,307)
Additions to intangible assets	8	(4,688)	(4,687)
Dividends received from financial assets at FVOCI		-	102,013
Paid to purchase financial assets at fair value through other comprehensive income		-	(127,864)
Proceeds from disposal of financial assets at FVOCI		-	5,985,755
Proceeds from Murabaha deposit and investment funds interest income		4,694,978	819,375
Proceeds from the disposal of Property, Plant and Equipment		32,947	8,740
<b>Net cash flows used in investing activities</b>		<b>(29,890,795)</b>	<b>(36,192,975)</b>



**Chief Financial Officer**  
**Firas Dirar Musmar**



**Chief Executive Officer**  
**Waleed Khalid Al Majed**



**Board Chairman**  
**Majed Ali Othman Al Majed**

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# Al Majed For Oud Company

(A Saudi Joint Stock Company)

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

All amounts are in Saudi Riyals (ﷲ)

<b>Financing activities:</b>	Note	2025	2024
Lease liabilities paid	6.2	(103,903,243)	(95,958,563)
Proceeds from Murabaha and short-term loans		-	95,000,000
Murabaha and Short-term loans payments		-	(142,487,451)
Net proceeds from IPO reimbursement	26	-	9,564,799
Reversal of dividends	30	-	50,000,000
Dividends Paid	30	(100,000,000)	(125,000,000)
<b>Net cash flows used in financing activities</b>		<b>(203,903,243)</b>	<b>(208,881,215)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>204,765,312</b>	<b>(24,444,245)</b>
Net exchange differences on translation of foreign currencies		(659,514)	23,595
Cash and cash equivalents at the beginning of the year		29,649,142	54,069,792
<b>Cash and cash equivalents at the end of the year</b>		<b>233,754,940</b>	<b>29,649,142</b>
<b>Non-cash transactions:</b>			
Transferred from assets to account payable		-	187,900
Transferred from lease to prepayments		-	393,449
Transferred from PP&E to Investment Property		1,467,366	-
Transferred from Related Parties to Accounts Receivable		6,774,521	-
Additions to right-of-use assets		80,461,680	104,993,557
Changes in FVOCI		-	1,239,012
Actuarial remeasurement of end-of-service benefits liability		(890,566)	(1,857,094)
Disposals of Properties, Plant, and Equipment		20,899	-



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Firas Dirar Musmar



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# Al Majed For Oud 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)

### 1. LEGAL STRUCTURE AND COMPANY ACTIVITY

Al Majed for Oud Company ("the Company"), is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010045397) dated 15 Ramadan 1402 (H), corresponding to 7 July 1982 (G).

The registered office is located at 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

On 29 Shaaban 1444 (H), corresponding to 21 March 2023 (G), the partners have unanimously resolved to convert the Company from a Limited Liability Company to a Saudi joint stock Company. This resolution has been indicated in the Commercial Register on 27 Ramadan 1444 (H), corresponding to 18 April 2023.

On 26 Dhul-Qi'dah 1445 (H), (corresponding to June 3, 2024), the Board of the Capital Market Authority approved the company's request to register its shares and proceed with a public offering of 7,500,000 shares, representing 30% of the total shares outstanding.

The Group's activities include wholesale and retail of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Group is also involved in manufacturing room fragrances, air fresheners, men's and women's perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The Group's financial year begins on 01 January and ends on 31 December of each calendar year.

The Group has invested in the following subsidiaries, which are included in these consolidated financial statements:

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation	Commercial register
	2025	2024			
Al Majed for Oud (Single-Member Limited Liability Company)	100%	100%	Trading in general merchandise.	Qatar	206543

The accompanying consolidated financial statements include the Group's branches in Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain and Oman listed below, which operate under the following subsidiary commercial registrations:

City	Date	Commercial Registration No.	Branch Name
Riyadh	15/09/1402 (H)	1010045397	Al Majed Factory for Oud
Riyadh	11/10/1430 (H)	1010274472	Al Majed Factory for Oud
Buraidah	17/03/1429 (H)	1131025830	Al-Majed for Oud Company
Dammam	30/12/1428 (H)	2050049500	Al-Majed for Oud Company
Hail	06/05/1437 (H)	3350044003	Al-Majed for Oud Company
Sakaka	17/09/1436 (H)	3400019379	Al-Majed for Oud Company
Ar Ar	21/08/1436 (H)	3450014893	Al-Majed for Oud Company
Tabuk	19/06/1434 (H)	3550030104	Al-Majed for Oud Company
Makkah Al Mukarrama	21/07/1431 (H)	4031052042	Al-Majed for Oud Company
Al Taif	07/08/1434 (H)	4032038280	Al-Majed for Oud Company

# Al Majed For Oud 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)

City	Date	Commercial Registration No.	Branch Name
Al Madina	14/07/1436 (H)	4650049235	Al-Majed for Oud Company
Al Baha	06/04/1435 (H)	5800017243	Al-Majed for Oud Company
Abha	21/08/1436 (H)	5850071171	Al-Majed for Oud Company
Jizan	23/10/1435 (H)	5900030985	Al-Majed for Oud Company
Najran	21/07/1431 (H)	5950029739	Al-Majed for Oud Company
Dubai	19/09/1443 (H)	979510	Al-Majed for Oud Company
Bahrain	03/09/1442 (H)	1-145006	Al-Majed for Oud Branch of a Foreign Company
Oman	20/10/1442 (H)	1388837	Al-Majed for Oud Company Oman Branch
Abu Dhabi	26/06/1447 (H)	33970	Al-Majed for Oud Company
Global Market	27/04/1443 (H)	384501	Al-Majed for Oud Company Kuwait Branch
Kuwait	15/05/1446 (H)	206543	Al-Majed for Oud Company
Qatar			

## 2. BASIS OF PREPARATION

### 2.1 Basis of Compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Wherever the phrase "International Financial Reporting Standards" appears in these notes, it refers to "International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA)".

### 2.2 Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for the recognition of employees' end of service benefits at the present value of future obligations on an actuarial basis using the projected unit credit method.

### 2.3 Functional and presentation currency

The accompanying consolidated financial statements are presented in Saudi Riyal (ﷲ), which is the Group's functional currency. The financial statements presented are rounded to the nearest (ﷲ) unless otherwise stated.

## 3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2025.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

- Power over the investee (i.e., 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 power over the investee to affect its returns.

# Al Majed For Oud 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)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### 3.2 New standards, interpretations and amendments

##### New standards, interpretations, and amendments not yet effective

There are several standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Group has decided not to adopt early.

<b><u>IFRS</u></b>	<b><u>Summary</u></b>	<b><u>Effective date</u></b>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027
IAS 21	Translation into the presentation currency in a hyperinflationary economy	1 January 2027

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Group.

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(All amounts are in Saudi Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.2 New standards, interpretations and amendments (Continued)

##### New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025

##### **Early adoption of standards**

During the financial year ended 31 December 2025, the Group did not implement early application of any of the new standards or amendments issued by the international Accounting Standards Board.

#### 3.3 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position of the Group based on their classification, current or non-current. An asset is current when:

- The Group expects to realize the asset or intends to sell or consume it in a normal operating cycle.
- The Group holds the assets primarily for the purpose of trading.
- The Group expects to realize the asset within twelve months from the financial year (period); or
- The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- The liability is expected to be settled in a normal operating cycle.
- The liability is held primarily for the purpose of trading.
- The liability is due to be settled within twelve months after the reporting period; or
- The Group has no right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

#### 3.4 Fair values measurement of assets and liabilities

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 principal or (the most advantageous market) must be accessible by the Group at the measurement date. 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.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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 market data, as appropriate, and minimizing the use of unobservable inputs.

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Fair values measurement of assets and liabilities (Continued)

All assets and liabilities for which fair value is measured or disclosed in consolidated financial statements are classified in the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

##### Level 1

Quoted (unadjusted) prices in active markets for identical assets or liabilities being measured.

##### Level 2

Inputs other than the quoted price 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 unobservable (not based on observable market data).

For assets and liabilities that are presented in the consolidated financial statements at fair value regularly, 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 period.

At each reporting date, the group analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the group's accounting policies. For this analysis, the group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### 3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Recognition, classification, and presentation

The Group recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial instruments at the time of initial recognition.

The Group classifies its financial assets as follows:

- A) Fair value (either through other comprehensive income or through profit or loss); and
- B) Amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group has classified all non-derivative financial liabilities at amortized cost.

##### Measurement

##### Initial Measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or deducted from them (Except for financial assets and liabilities at fair value where transaction costs are directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

# Al Majeed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Financial Instruments (Continued)

##### 3.5.1 Subsequent measurement of financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

###### 3.5.1.1 Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Group's financial assets, at amortized cost, include cash and cash equivalent, trade receivables, and other financial assets at amortized cost.

##### Trade receivables

Most sales are made based on normal credit terms, and the receivables do not bear interest. As for goods sold to the customer on a short-term credit basis, receivables are initially recognized as non-deductible amounts of cash receivable. It is usually the invoice price for the goods sold to the customer on interest-free credit. The receivable's present value is initially recognized using the prevailing market interest rate for similar receivables. At the end of each reporting period, the carrying amounts of trade receivables are reviewed by management to determine whether there is any objective evidence that these amounts are non-refundable. If such amounts are non-refundable, the impairment loss is recognized directly in the statement of income.

###### 3.5.1.2 Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Group may incur on the sale or disposal of the financial asset in the future.

###### 3.5.1.3 Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at the date of each financial report.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

The following are the recognition and presentation of profits and losses for each measurement category:

Measurement Category	Recognition and Presentation of Profits and Losses
Amortized cost	<p>The following items are recognized in the profit or loss statement:</p> <ul style="list-style-type: none"><li>• interest income using the effective interest method.</li><li>• expected credit losses and reversals; and</li><li>• foreign currency exchange gains and losses.</li></ul> <p>When the financial asset is derecognized, the gain or loss is recognized in profit or loss.</p>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Financial Instruments (Continued)

##### 3.5.1 Subsequent measure of financial assets (Continued)

Measurement Category	Recognition and Presentation of Profits and Losses
Fair Value through other comprehensive income (FVOCI) - Debt instruments	Profits and losses are recognized in OCI, except for the following items, which are recognized in the statement of profit or loss in the same manner as for financial assets measured at amortized cost: <ul style="list-style-type: none"><li>• interest income using the effective interest method.</li><li>• expected credit losses and loss reversals; and</li><li>• foreign currency exchange gains and losses.</li></ul>
Fair value through other comprehensive income (FVOCI) - equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Profits and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

#### Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivable, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group policy measures ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

#### Presentation of impairment of assets

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.5 Financial Instruments (Continued)**

##### **3.5.1 Subsequent measure of financial assets (Continued)**

###### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

##### **3.5.2 Subsequent measure of financial liabilities**

###### **3.5.2.1 Amortized cost**

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities: measured at FVTPL.

1. That arises when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuous involvement approach.
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss.
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in the statement of profit or loss.

Profits or losses on financial liabilities that are measured at fair value are recognized in a statement of profit or loss.

###### **3.5.2.2 Financial liabilities at Fair Value through profit or loss (FVTPL)**

Financial liabilities under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial measurement, the Group measures financial liabilities at fair value while recognizing changes in the profit or loss statement.

Gains or losses on the financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that can be attributed to changes in credit risk for those financial liabilities is presented in the other comprehensive income; and
2. The remaining amount of change in the fair value of financial liability is presented in the statement of profit or loss.

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(All amounts are in Saudi Riyals)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.5 Financial Instruments (Continued)**

##### **3.5.2 Subsequent measurement of financial liabilities (Continued)**

###### **3.5.2.3 Liabilities other than financial liabilities at Fair Value through profit or loss (FVTPL)**

Financial liabilities are measured at amortized cost using an effective interest rate method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

#### **Derecognition**

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

##### **3.5.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **3.6 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, cash at banks and Other short-term 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. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

#### **3.7 Prepayments and other debit balances**

Prepayments are recognized if payment has been made in advance of obtaining the right of access to receipt of services and measured at nominal amounts. These are de-recognized and charged to profit or loss either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

#### **3.8 Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method, consisting of the purchase cost and other costs incurred in delivering the inventory to its location and current condition. Net realizable value represents the estimated selling price in the ordinary course of the business, less estimated costs necessary to be incurred to make the sale.

Inventory is reduced based on current market conditions, historical experience, and the sale of goods of a similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

#### **3.9 Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of Property, Plant and Equipment are depreciated separately from other parts.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Property, Plant and Equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely to flow to the Group and the item cost can be measured reliably. Main renovations are depreciated over the earlier of the remaining useful life of the relevant asset or until the next main renewal date. Repairs and maintenance are charged to the profit or loss account during the financial period in which they were incurred.

Depreciation is calculated on a straight-line basis over its estimated useful life as follows:

Asset	Years
Machinery and equipment	10
Buildings	20
Computers and electronic equipment	4
Vehicles	4
Furniture and office equipment	10
Leasehold improvements	As per lease term

The carrying amounts of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, which is higher than their fair value less cost to sell and their value in use.

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the 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 statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 3.10 Investment Properties

Investment properties included properties held to earn rental income, for capital appreciation, or for both.

Investment properties are presented at cost, less accumulated depreciation and any accumulated impairment losses (if any). The cost includes all directly attributable expenses required to construct or acquire the asset and bring it to the location and condition necessary for it to be ready for its intended use.

Depreciation of investment properties is calculated on a straight-line basis over their estimated useful life of 20 years.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. If an investment property becomes owner-occupied property, it is reclassified to property and equipment.

Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit or loss and other comprehensive income upon derecognition.

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Investment properties (Continued)

The Group discloses the fair value of investment properties in the notes with the annual consolidated financial statements.

#### 3.11 Intangible Assets

Intangible assets are recorded in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed to be either finite or indefinite. Finite intangible assets are amortized over their economic useful lives. The estimated useful life and amortization methods are reviewed at the end of each reporting year, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses

Intangible assets with indefinite useful lives are not amortized but are tested for impairment, either individually or at the cash-generating unit level. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the useful life is changed from indefinite to finite on a prospective basis.

#### Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statement of profit or loss when the asset is derecognized

Software costs associated with maintaining software programs are recognized as an expense as incurred.

- It is technically feasible to complete the Software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Research expenditure and development expenditure that do not meet

the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Leases - IFRS 16

The Group assesses whether a contract contains a lease at contract inception. For all such lease arrangements, the Group recognizes the right-of-use assets and lease liabilities except for the short-term leases and leases of low-value assets as follows:

##### Group as a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets, for which the Group recognizes the lease payments as an operating expense (unless they are incurred to produce assets) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Companies lease components include vehicles, rented showroom and warehouses.

##### Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. In general, the Group uses its incremental borrowing rate as the discount rate which has been used to measure all the lease liabilities recognized.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the lessee under residual value guarantees.
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position, classified as current and non-current

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Leases - IFRS 16

##### Right-of-use Assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful economic life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position, unless the right-of-use asset meets the definition of investment property and in such case, it is presented in the consolidated statement of financial position within investment property.

Variable rents that do not depend on an index or rate are not included in the measurement, the lease liability and the right-of-use asset, and the related payments are recognized as an expense (unless they are incurred to produce assets) in the period in which the event or condition that triggers those payments occurs.

#### 3.13 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value, which has less costs to sell and value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Reversals of previously recorded impairment provisions are credited against the provision account in the statement of profit or loss and other comprehensive income.

#### 3.14 Payables and other credit balances

These amounts represent liabilities relating to goods and services provided to the Group before the end of the financial year, which have not been paid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

# **Al Majed For Oud 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)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.15 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 economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the group expects some or all the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expenses related to the provision are presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a finance charge.

#### **3.16 Employee benefits**

##### **Short-term employee benefits**

Short-term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### **Post-employment obligation**

The Group operates a post-employment benefit scheme plans driven by the labor laws.

The post-employment benefits plans are not funded. Valuations 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 as "Employee costs" in profit or loss while unwinding of the liability at discount rates used are recorded as "Financial charges".

Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

Valuations of the obligations under the plan are carried out using actuarial techniques on the projected unit credit method.

The costs relating to such plan 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.

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(All amounts are in Saudi Riyals)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.16 Employee benefits (Continued)**

Current and past service costs related to post-employment benefits are recognized immediately in the statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to other reserves in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the respective countries in which the Group operates.

#### **3.17 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer excluding amounts collected on behalf of third parties, if any. Revenue is recognized in the Consolidated Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer. Sales revenue exclude value added tax (VAT) collected. Sales are shown in the consolidated statement of income net of returns, loyalty points and any discount given.

The following is a description of principal activities, from which the Group generates its revenue:

##### **Retail sales**

This revenue stream comprises of revenue generated from sales of products through Al Majed retail outlets.

Revenue from the sale of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and ornamental flowers are recognized at the time when the performance obligation is fulfilled when the goods are sold and delivered and control of the product is transferred to the customer, which is considered to be at the point of sale. Payment of the transaction price is due immediately when the customer purchases the product.

The Group's return policy grants customers the right to return within seven days with certain requirements and certain exceptions.

##### **Business to business (B2B)**

This revenue stream comprises of revenue generated from sales of products to business clients. The Group sale its products to different B2B client's which resale those products through their websites and other electronic platforms.

Sales are recognized when the products are delivered to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied. Typically, this type of sales involves credit terms of 30-60 days, and for certain customers, goods are returnable within 90 days provided goods are in their original condition.

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(All amounts are in Saudi Riyals)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.17 Revenue (Continued)**

##### **Online sales**

Sales are also conducted online through “almajed4oud.com” website and “Almajed4oud” application. Sales are recognized when the products are delivered to the customers by the shipping agent. Payment of the transaction price is normally received upon or before placing online orders and recognized as a liability until the recognition of sales.

##### **Manufacturing service**

The Group generates revenue from manufacturing services, including production, packaging, and wrapping of client products in accordance with a pre-agreed production plan. Under these arrangements, clients provide partial of raw materials, and the final products are manufactured at the Group's facility.

Revenue from manufacturing services is recognized at a point in time when the performance obligation is satisfied, which occurs upon completion of the manufacturing process and the control of finished products is transferred to the client. This assessment is based on objective criteria such as completion of production, quality inspection, and client acceptance, where applicable.

Revenue is measured at the transaction price agreed upon with the client, net of any discounts, rebates, or other price adjustments.

For all types of sales, historical experience suggests that the amount of returns is immaterial, and accordingly, no refund liability is recognized at the time of sale. The validity of this conclusion 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.

##### **Loyalty points**

The group defers recognition of variable consideration of incentives arising from the customers' loyalty program where the Group estimates this consideration based on practice and previous experience of the business.

Then, the consideration is recognized as a liability until it is utilized by the customers. Sales amount are reduced by the amount of the liability being recognized as deferred income. Subsequently, this liability is transferred to sales upon utilization or when the right to utilize expires.

#### **3.18 Zakat and indirect taxes**

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.18 Zakat and indirect taxes (Continued)

##### Value-added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of financial position.

##### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.19 Foreign currencies**

Foreign currency transactions are initially recognized by the Group branches at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into ﷲ at the exchange rates ruling on such date.

Any resulting exchange differences are charged or credited to the Statement of Profit or Loss as appropriate.

As at the reporting date, the assets and liabilities of the foreign branches are translated into ﷲ, at the rate of exchange ruling at the statement of financial position date and their statement of profit or loss are translated at the weighted average exchange rates for the year.

Components of equity, other than retained earnings, are translated at the rate of ruling at the date of occurrence of each branch. Translation adjustments in respect of these components of equity are recorded through statement of other comprehensive income as a separate component of equity.

#### **3.20 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including those arising from transactions with other components of the Group.

The operating results of all segments are regularly reviewed by the Group management with revenue being the primary performance indicator to make decisions regarding the allocation of resources to the segment and to evaluate its performance, with discrete financial information available for each segment.

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

#### **Assumption and estimation uncertainties**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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(All amounts are in Saudi Riyals)

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### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

#### **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amount of its non-financial assets to ensure that there is no indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (cash-generating units).

If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are recognized as the statement of profit or loss in the statement of comprehensive income.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

#### **Impairment losses on trade and other receivables**

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectable.

#### **Estimating the incremental borrowing rate**

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 similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Estimating the incremental borrowing rate (Continued)**

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable input (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

#### **Useful lives of property, plant, and equipment**

Useful lives of property, plant, and equipment are estimated according to new facts available to the Group management. The estimated useful lives of property, plant, and equipment are determined by management to calculate depreciation.

This estimate is determined after taking into account the expected use of assets or physical damage to assets. Management reviews the residual value and useful lives annually and changes in depreciation expenses (if any) are adjusted in the current and future periods.

#### **Impairment of inventories**

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis.

Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

#### **Going concern**

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

#### **Significant judgment in determining the lease term of contracts with renewal options**

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 the renewal.

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 (e.g., a change in business strategy).

#### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

##### **Employees end of service benefits**

The present value of the employees end of service benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

##### **Discount rate**

For selecting the discount rate, we have considered the yield on Government bonds of duration equal to the duration of the liability.

##### **Mortality rate**

The mortality rate is based on publicly available mortality tables for specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

##### **Salary and future pension increase**

Estimates of future salary increase takes into account inflation, seniority, promotion and past history.

##### **Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model.

Inputs into these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to these factors can affect the disclosed fair value of the financial instruments.

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### 5. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 31 DECEMBER 2025	Machinery and equipment	Lands	Buildings	Computers and electronic equipment	Vehicles	Furniture and office equipment	Leasehold improvements	Projects under construction	Total
<b>Cost</b>									
At 1 January 2025	11,674,817	43,118,664	26,155,148	27,526,250	6,494,171	15,472,368	135,707,005	5,344,000	271,492,423
Additions	2,769,157	-	-	2,876,994	1,428,823	1,309,237	27,904	26,201,917	34,614,032
Transferred from PUC	-	-	-	888,092	-	5,416,397	9,865,710	(16,170,199)	-
Transferred to Investment Property (Note 7)	-	(1,124,550)	(396,479)	-	-	-	-	-	(1,521,029)
Disposals	(12,847)	-	-	(1,165,773)	(3,275)	(238,303)	(888,392)	-	(2,308,590)
Foreign currency translation differences	118	-	-	745	339	352	7,588	19	9,161
<b>At 31 December 2025</b>	<b>14,431,245</b>	<b>41,994,114</b>	<b>25,758,669</b>	<b>30,126,308</b>	<b>7,920,058</b>	<b>21,960,051</b>	<b>144,719,815</b>	<b>15,375,737</b>	<b>302,285,997</b>
<b>Accumulated Depreciation</b>									
At 1 January 2025	8,944,623	-	8,748,406	18,432,889	4,342,217	3,156,543	86,621,876	-	130,246,554
Depreciation for the year	958,566	-	1,298,555	4,558,952	918,555	2,333,032	23,514,731	-	33,582,391
Disposals	(4,374)	-	-	(1,118,562)	(3,274)	(47,342)	(736,090)	-	(1,909,642)
Transferred to Investment Property (Note 7)	-	-	(53,663)	-	-	-	-	-	(53,663)
Foreign currency translation differences	16	-	-	248	260	96	2,092	-	2,712
<b>At 31 December 2025</b>	<b>9,898,831</b>	<b>-</b>	<b>9,993,298</b>	<b>21,873,527</b>	<b>5,257,758</b>	<b>5,442,329</b>	<b>109,402,609</b>	<b>-</b>	<b>161,868,352</b>
<b>Net Book Value:</b>									
<b>At 31 December 2025</b>	<b>4,532,414</b>	<b>41,994,114</b>	<b>15,765,371</b>	<b>8,252,781</b>	<b>2,662,300</b>	<b>16,517,722</b>	<b>35,317,206</b>	<b>15,375,737</b>	<b>140,417,645</b>
At 31 December 2024	2,730,194	43,118,664	17,406,742	9,093,361	2,151,954	12,315,825	49,085,129	5,344,000	141,245,869

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the year ended 31 December 2024	Machinery and equipment	Lands	Buildings	Computers and electronic equipment	Vehicles	Furniture and office equipment	Leasehold improvements	Projects under construction	Total
<b>Cost</b>									
At 1 January 2024	12,023,378	43,118,664	26,155,148	22,447,883	4,876,286	7,253,520	112,140,532	3,525,080	231,540,491
Additions	592,802	-	-	3,283,069	1,623,253	2,700,309	375,551	34,401,323	42,976,307
Transferred from PUC	-	-	-	2,145,530	-	5,688,642	24,748,061	(32,582,233)	-
Disposals	(941,310)	-	-	(349,941)	(5,000)	(169,970)	(1,557,320)	-	(3,023,541)
Foreign currency translation differences	(53)	-	-	(291)	(368)	(133)	181	(170)	(834)
At 31 December 2024	11,674,817	43,118,664	26,155,148	27,526,250	6,494,171	15,472,368	135,707,005	5,344,000	271,492,423
<b>Accumulated Depreciation</b>									
At 1 January 2024	8,979,866	-	7,440,649	15,101,280	3,767,507	2,260,948	61,389,676	-	98,939,926
Depreciation for the year	900,384	-	1,307,757	3,662,214	579,725	1,065,561	25,998,091	-	33,513,732
Disposals	(935,581)	-	-	(330,441)	(4,999)	(169,959)	(764,800)	-	(2,205,780)
Foreign currency translation differences	(46)	-	-	(164)	(16)	(7)	(1,091)	-	(1,324)
At 31 December 2024	8,944,623	-	8,748,406	18,432,889	4,342,217	3,156,543	86,621,876	-	130,246,554
<b>Net Book Value:</b>									
At 31 December 2024	2,730,194	43,118,664	17,406,742	9,093,361	2,151,954	12,315,825	49,085,129	5,344,000	141,245,869
At 31 December 2023	3,043,512	43,118,664	18,714,499	7,346,603	1,108,779	4,992,572	50,750,856	3,525,080	132,600,565

### The depreciation charged for the year was allocated as follows:

	For the year ended 31 December	
	2025	2024
Cost of revenue (Note 20)	3,854,736	3,313,889
Selling and marketing expenses (Note 21)	28,250,720	29,239,261
General and administrative expenses (Note 22)	1,476,935	960,582
	33,582,391	33,513,732

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### 6. LEASES

Information about leases for which the Group is a lessee is presented below:

#### 6.1 Right-of-use Assets

	31 December 2025	31 December 2024
<b>Cost</b>		
Balance as at the beginning of the year	483,758,351	461,359,649
Additions during the year	80,461,680	104,993,557
Disposals during the year	(68,092,587)	(84,110,682)
Lease modifications (*)	5,742,604	1,499,084
Foreign Currency translation difference	103,233	16,743
Balance as at the end of the year	501,973,281	483,758,351
<b>Accumulated amortization</b>		
Balance as at the beginning of the year	246,852,492	228,171,624
Amortization charge for the year	97,863,099	86,074,146
Disposals during the year	(57,758,285)	(67,381,167)
Foreign Currency translation difference	29,078	(12,111)
Balance as at the end of the year	286,986,384	246,852,492
<b>Netbook value</b>	<b>214,986,897</b>	<b>236,905,859</b>

#### The amortization charge for the year is as follows:

	For the year ended 31 December	
	2025	2024
Cost of revenue (Note 20)	2,369,449	1,957,844
Selling and marketing expenses (Note 21)	94,493,971	83,938,901
General and administrative expenses (Note 22)	999,679	177,401
	<b>97,863,099</b>	<b>86,074,146</b>

#### 6.2 Lease Liabilities

	31 December 2025	31 December 2024
Balance at the beginning of the year	223,187,548	218,524,305
Additions during the year	80,461,680	104,993,557
Disposals during the year	(11,379,366)	(16,442,698)
Finance costs (Note 23)	13,865,211	12,016,803
Payments made during the year	(103,903,243)	(95,958,563)
Lease concessions (Note 24)	(1,385,451)	(1,475,000)
Lease modifications (*)	5,742,604	1,499,084
Foreign Currency translation difference	70,248	30,060
Balance at the end of the year	206,659,231	223,187,548

(\*) The modifications arise from changes in the terms and payment schedules of existing lease agreements, resulting in corresponding modifications to the right-of-use assets and lease liabilities.

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 6. LEASES (CONTINUED)

#### 6.2 Lease Liabilities (Continued)

The lease liability is presented in the statement of financial position as follows:

	31 December 2025	31 December 2024
Current portion	83,025,793	80,425,445
Non-current portion	123,633,438	142,762,103
	<b>206,659,231</b>	<b>223,187,548</b>

### 7. INVESTMENT PROPERTIES

	31 December 2025	31 December 2024
<b><u>Cost</u></b>		
Balance at 1 January	-	-
Transfer from PP&E (Note 5)	1,521,029	-
Balance at the end of the year	<b>1,521,029</b>	-
<b><u>Accumulated Depreciation</u></b>		
Balance at 1 January	-	-
Transfer from PP&E (Note 5)	53,663	-
Depreciation during the year (Note 22)	9,835	-
Balance as at the end of the year	<b>63,498</b>	-
<b>Net book value</b>	<b>1,457,531</b>	-

(\*) On 1 July 2025, management approved a decision to reclassify a portion of the warehouse located in Jeddah from property, plant and equipment to investment property, due to a change in its intended use to hold it for the purpose of earning rental income. The asset was transferred at its carrying amount for the leased portion, as disclosed in Note 5 (Property, Plant and Equipment).

The leased portion of the land and warehouse classified as investment property was measured to determine its fair value, which amounted to ₪ 1.58 million as at 31 December 2025.

Management believes that the fair value of the investment properties as at 31 December 2025 does not differ materially from the fair value determined as at 31 December 2025.

The valuation was performed by an external valuer accredited by the Saudi Authority for Accredited Valuers (Taqeem). Valuer name: Fali License number: 11000191.

The fair value was measured based on valuation techniques applied in accordance with IFRS 13, including the market comparison approach, the income approach, the residual value method, and the discounted cash flow (DCF) method.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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### 8. INTANGIBLE ASSETS

	31 December 2025	31 December 2024
<b>Cost</b>		
Balance at 1 January	4,337,975	4,855,395
Additions during the year	4,688	4,687
Disposals during the year	-	(522,129)
Foreign Currency translation difference	7	22
Balance at the end of the year	4,342,670	4,337,975
<b>Accumulated amortization</b>		
Balance at 1 January	3,477,750	3,193,758
Amortization charge for the year	329,185	425,757
Disposals during the year	-	(141,787)
Foreign Currency translation difference	7	22
Balance as at the end of the year	3,806,942	3,477,750
<b>Netbook value</b>	<b>535,728</b>	<b>860,225</b>

The amortization charge for the year is as follows:

	Year ended 31 December	
	2025	2024
Selling and marketing expenses (Note 21)	182,936	279,062
General and administrative expenses (Note 22)	146,249	146,695
	<b>329,185</b>	<b>425,757</b>

### 9. INVENTORIES

	31 December 2025	31 December 2024
Raw and packaging materials	69,946,488	110,427,939
Finished goods	151,035,143	138,716,010
Goods in process	11,065,830	12,297,463
Consumables	22,405,037	26,668,701
Goods in transit	8,796,744	28,130,770
Less: Provision for slow-moving inventories (a)	(2,907,764)	(2,673,726)
	<b>260,341,478</b>	<b>313,567,157</b>

(a) The movement in the provision for slow-moving inventories and consumables was as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	2,673,726	12,445,031
Charged (reversed) during the year	1,615,605	(1,673,962)
Used during the year (*)	(1,381,549)	(8,098,033)
Foreign currency translation differences	(18)	690
<b>Balance at the end of the year</b>	<b>2,907,764</b>	<b>2,673,726</b>

(\*) During the year ended 31 December 2025, the Group utilized an amount of ﷲ 1,381,549 (31 December 2024: ﷲ 8,098,033) from the provision for slow-moving inventory and consumables as follows:  
An amount of ﷲ 759,419 (31 December 2024: ﷲ 6,323,922) related to consumables inventory, and an amount of ﷲ 622,130 (31 December 2024: ﷲ 1,774,111) for the write-off of damaged inventory.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 10. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade Receivables	5,458,526	5,946,492
Less: Expected credit losses (a)	(203,454)	(47,628)
	5,255,072	5,898,864

  

	31 December 2025	31 December 2024
<b>Ageing of trade receivables</b>		
Neither past due nor low in value	4,967,991	5,075,192
30-60 days	197,027	506,461
61-90 days	141,616	101,282
91-360 days	151,892	263,557
<b>Total</b>	5,458,526	5,946,492

Receivables that have not decreased in value are fully recoverable. Since it is not the practice of the group to obtain collateral for receivables, this makes them unsecured.

The Group uses a simplified model approach to estimate expected credit losses that are consistent with the requirements of IFRS 9 and is based on an assessment of trade receivable balances on a collective basis and companning them based on shared credit risk characteristics and due dates.

The estimated amount of expected credit losses is measured based on a number of indicators, historical and current information, and future expectations.

Indicators of impairment in trade receivables are reviewed at the end of the reporting period. The allowance for expected credit losses is adjusted to reflect any periodic changes in those indicators. In the management's opinion, there was no impairment of trade receivables other than what has been recorded as an allowance for expected credit losses. There were no changes in estimation methods or significant assumptions during the current year

(a) The movement in the expected credit losses were as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	47,628	210,314
Charged (reversed) during the year (Note 21)	155,830	(162,779)
Foreign currency translation differences	(4)	93
Balance at the end of the year	203,454	47,628

### 11. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 11. RELATED PARTIES (CONTINUED)

There were no special terms and conditions with the aforementioned related parties as compared to unrelated parties. Outstanding balances at the period-end are unsecured and are settled in cash. There have been no guarantees provided or received for any related party balances.

#### 11.1 Related party transactions

The following are the details of the significant transactions with related parties during the year ended 31 December 2025:

Related Party Name	Nature of Relationship
Khalta for Perfumes Company	Affiliate Company
Aromatic Mixture Company	Affiliate Company
Reef Perfumes Trading Company	Affiliate Company
Emma Otari Perfumes Company	Affiliate Company
Osus Real Estate Company	Affiliate Company
Khalid Ali Othman Al Majid Real Estate Development Co	Affiliate Company
Ali Al Majid Sons Foundation	Affiliate Company
Shurfah Al-Maskn Real Estate services Company	Affiliate Company
Abdulmajeed Al-Majed	Affiliate Company
Khalid bin Ali bin Othman Al-Majed	Shareholder
Saad bin Ali bin Othman Al-Majed	Shareholder
Sulaiman bin Ali bin Othman Al-Majed	Shareholder
Majed bin Ali bin Othman Al-Majed	Shareholder
Bader bin Ali bin Othman Al-Majed	Shareholder
Muhammad bin Ali bin Othman Al-Majed	Shareholder
Waleed Bin Khalid Al Majid	CEO

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 11. RELATED PARTIES (CONTINUED)

#### 11.1 Related parties' transactions (Continued)

Nature of Transactions	Relationship	2025	2024
<b>Services Rendered</b>			
Reef Perfumes Trading Company	Affiliate	-	12,798,686
Aromatic Mixture Company	Affiliate	-	454,931
Emma Otari Perfumes Company	Affiliate	-	400,370
<b>Sale of Goods</b>			
Osus Real Estate Company	Affiliate	282,978	-
Ali Al Majid Sons Foundation	Affiliate	44,176	-
<b>Construction Contract Expenditures</b>			
Shurfah Al-Maskn Real Estate services Company	Affiliate	7,746,565	4,284,900
<b>Rent expense</b>			
Shareholders	Major Shareholders	734,500	863,326
<b>IPO and Listing Fees Charged to Shareholders</b>	Major Shareholders		3,878,647

#### 11.2 Related parties' balances

The following is a summary of the related parties' balances:

<u>Due from related parties</u>	31 December 2025	31 December 2024
Reef Perfumes Trading Company	-	6,298,686
Aromatic Mixture Company	-	454,931
Emma Otari Perfumes Company	-	20,904
Ali Al Majid Sons Foundation	-	-
	-	6,774,521
Expected credit loss (a)	-	(27,938)
	-	6,746,583

\* During the year ended 31 December 2025, the Group's management reclassified the transactions and outstanding balances of Aromatic mixture Company from the Related Parties to Trade Receivables, due to a change in the company's ownership structure during the year.

\*\* During the period ended 31 December 2025, the Group's management reclassified the transactions and outstanding balances of Reef Perfumes Trading Company and Emma Otari Perfumes Company from the Related Parties category to Trade Receivables.

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 11. RELATED PARTIES (CONTINUED)

(a) The movement in allowance for expected credit losses from related parties is as follows:

	31 December 2025	31 December 2024
Balance as at the beginning of the year	27,938	-
(Reversed) Charged during the year	(27,938)	27,938
Balance at the end of the year	-	27,938

### 11.3 Key management personnel compensation

	For the year ended 31 December	
	2025	2024
Salaries and short-term benefits	16,902,664	9,542,941
End of service benefits	412,860	1,700,637
	17,315,524	11,243,578

### 12. PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2025	31 December 2024
Advances to trade payables	21,482,912	34,891,422
Refundable Insurance	8,994,064	8,275,345
Prepaid Expenses	7,064,183	6,160,272
Prepaid rent	4,993,551	5,505,075
Bank guarantee Letters	2,622,170	2,622,170
Employees Receivables	1,639,185	1,346,676
Others	2,378,180	58,847
	49,174,245	58,859,807

### 13. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash in branches	573,375	526,501
Bank Murabaha short-term deposit (*)	70,000,000	-
Cash at banks	163,181,565	29,122,641
	233,754,940	29,649,142

(\*) The deposits represent short-term investment deposits through Sharia-compliant Murabaha contracts with a local bank, with an annual return ranging from 4.90% to 5.00%. These deposits are contractually due during 30 days.

# Al Majeed For Oud Company

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(All amounts are in Saudi Riyals)

### 14. END-OF-SERVICE BENEFITS LIABILITY

The Group has an unfunded plan for employee end of service benefits liabilities. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	15,088,584	10,852,641
Service cost	5,678,847	3,032,962
Finance cost	745,283	653,070
Payments during the year	(1,398,077)	(1,306,829)
Remeasurement of actuarial liabilities	890,566	1,857,094
Foreign currency translation differences	236	(354)
Balance at the end of the year	21,005,439	15,088,584

Amounts recognized in the statement of profit or loss:

	31 December 2025	31 December 2024
Current service cost	5,678,847	3,032,962
Finance cost (Note 23)	745,283	653,070
	6,424,130	3,686,032

The principal assumptions used in determining employee benefit liabilities were as follows:

	31 December 2025 (Average)	31 December 2024 (Average)
Discount rate	4.96%	4.95%
Salary increase rate	4.00%	4.00%
Retirement age (in years)	65	60

Sensitivity analysis:

	As at 31 December 2025		As at 31 December 2024	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	18,967,365	23,594,889	13,954,583	16,440,171
Salary increase rate	23,593,564	18,927,307	16,441,846	13,933,087

### 15. PAYABLES AND OTHER CREDIT BALANCES

	31 December 2025	31 December 2024
Employee's accruals	26,347,542	19,544,821
Value added tax (VAT)	7,956,525	4,826,512
Loyalty points Obligations	6,055,182	3,336,780
Accrued commissions	4,874,288	1,757,416
Accrued Expenses	5,100,779	2,507,132
Others	2,876,916	1,749,924
	53,211,232	33,722,585

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 16. ZAKAT and TAX

#### 16.1 Zakat charge for the year consists of the following:

	31 December 2025	31 December 2024
Provision for the year	9,959,998	6,628,179

#### 16.2 Provision for Zakat

The movement in the Zakat provision is as follows:

	31 December 2025	31 December 2024
At the beginning of the year	6,628,179	7,928,047
The charge for the year	9,959,998	6,627,138
Zakat settlement of prior years	16,621	-
Payments during the year	(6,644,800)	(7,927,006)
Balance at the end of the year	9,959,998	6,628,179

#### 16.3 Zakat assessment status

The Group has filed its Zakat return with the Zakat, Tax and Customs Authority ("ZATCA") and received Zakat certificates for all years up to 2024.

The Group has also received a final assessment from ("ZATCA") for all years up to the financial year ended 31 December 2018. In addition, the Group received a final assessment for the financial year ending 31 December 2024 and paid zakat differences amounting to ₪16K.

#### 16.4 Income Tax Charge for the year consists of the following

Income tax represents 15% of the net profits of the Oman branch, 9% for the UAE branch and 10% for the Qatar company.

### 17. SHARE CAPITAL

As at 31 December 2025, the Group's capital consists of 250,000,000 ₪ (2024: 250,000,000₪) divided into 25,000,000 shares (2024: 25,000,000 shares) with a nominal value of 10 ₪ (2024: 10₪).

### 18. STATUTORY RESERVE

In accordance with the Company's by-laws, 10% of the net profit of the year is transferred to statutory reserve until such reserve reaches 30% of the capital. However, with the introduction of the new Regulations for Companies in Kingdom of Saudi Arabia, the requirement to maintain the statutory reserve is no longer in effect.

At its meeting held on May 05, 2024, the Company's Extraordinary General Assembly approved the transfer of the statutory reserve balance amounting to ₪42,402,397 to retained earnings.

In accordance with the provisions of applicable Qatari law, the subsidiary shall transfer 10% of its net annual profit to the statutory reserve annually until the reserve annually until the reserve balance reaches 50% of its share capital. This reserve may only be used for purposes permitted by law.

During the period ending 31 December 2025, the statutory reserve was fully established, reaching the required statutory limit ₪25,748.

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### 19. REVENUE

Below is a breakdown of the Group's revenue from contracts from customers:

	Year ended 31 December	
	2025	2024
Sales	2,159,470,906	1,691,311,279
Services revenue	9,170,174	11,873,032
Sales discount	(1,065,138,923)	(777,182,307)
	<u>1,103,502,157</u>	<u>926,002,004</u>
<b>Timing of revenue recognition</b>		
Transfer of goods at a point in time	<u>1,103,502,157</u>	<u>926,002,004</u>

#### Performance obligation

The performance obligation is satisfied at the point of sale.

### 20. COST OF REVENUE

	Year ended 31 December	
	2025	2024
Cost of goods sold	313,564,570	264,331,370
Provision for slow-moving inventories (Note 9)	1,615,605	(1,673,962)
Staff cost	25,669,464	19,692,671
Depreciation of Property, Plant and Equipment (Note 5)	3,854,736	3,313,889
Amortization of Right of use assets (Note 6.1)	2,369,449	1,957,844
Consumable Packaging and Samples	26,668,192	24,064,323
Others	<u>6,508,263</u>	<u>4,620,364</u>
	<u>380,250,279</u>	<u>316,306,499</u>

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 21. SELLING AND MARKETING EXPENSES

	Year ended 31 December	
	2025	2024
Staff Costs	153,869,624	131,196,275
Amortization of Right of use assets (Note 6.1)	94,493,971	83,938,901
Advertising and marketing	86,910,061	86,982,698
Depreciation of Property, Plant and Equipment (Note 5)	28,250,720	29,239,261
Rentals	26,666,246	22,674,138
Utilities and Maintenance	8,649,195	6,706,590
Shipping expenses	5,525,804	5,942,532
Collection expenses	5,495,937	4,212,839
Hospitality and Supplies	4,051,189	4,797,720
Government fees	4,149,694	3,666,873
Technical support	1,935,678	319,314
Bank Fees	5,186,812	4,206,585
Amortization of intangible assets (Note 8)	182,936	279,062
Fleet Exp and Transportation	1,417,318	1,116,402
Charged (reversed) Expected credit losses (Note 10, 11.2)	127,892	(134,841)
Others	4,336,420	2,642,107
	<b>431,249,497</b>	<b>387,786,456</b>

### 22. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2025	2024
Staff Costs	42,826,380	28,833,742
Listing costs (Note 26)	-	5,034,167
Technical support	2,557,400	2,896,826
Professional fees	2,320,803	2,249,353
Depreciation of Property, Plant and Equipment (Note 5)	1,476,935	960,582
Depreciation of Investment Properties (Note 7)	9,835	-
Government fees	1,891,740	142,677
Tadawul and capital market regulatory charges	-	371,173
Telephone and internet	242,812	340,473
Supplies	352,269	203,911
Right of use amortization (Note 6.1)	999,679	177,401
Utilities and Maintenance	394,054	275,748
Security Expenses	155,855	152,604
Amortization of intangible assets (Note 8)	146,249	146,695
Rentals	80,228	116,380
Hospitality and Cleaning	69,986	113,070
Bank expenses	770,889	685,969
Rent of cars and equipment	98,345	63,604
Others	152,226	632,020
	<b>54,545,685</b>	<b>43,396,395</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

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### 23. FINANCE COSTS

	Year ended 31 December	
	2025	2024
Interest cost on leases (Note 6.2)	13,865,211	12,016,803
Interest cost on loan	-	1,688,202
Interest cost on end-of-service benefits liability (Note 14)	745,283	653,070
	<b>14,610,494</b>	<b>14,358,075</b>

### 24. OTHER INCOME/EXPENSES

	Year ended 31 December	
	2025	2024
Murabaha deposit and investment funds interest income	4,834,672	819,375
Lease concessions (Note 6.2)	1,385,451	1,475,000
Loss on disposal of Property, Plant and Equipment	(345,102)	(667,000)
Gain on modification and disposals of leases	1,045,064	106,632
Losses on disposal of intangible assets	-	(334,463)
Dividends	-	102,013
Others	1,271,579	264,636
	<b>8,191,664</b>	<b>1,766,193</b>

### 25. EARNINGS PER SHARE

	Year ended 31 December	
	2025	2024
Profit for the year attributable to the shareholders of the company	217,605,506	156,958,529
<b>Number of shares</b>		
Weighted average number of shares for earnings per share purposes	25,000,000	25,000,000
<b>Basic and diluted earnings per share based on annual profit attributable to shareholders of the company</b>	<b>8.70</b>	<b>6.28</b>

### 26. LISTING AND INITIAL PUBLIC OFFERING EXPENSES

On 3 June 2024, the Group obtained the approval of the Capital Market Authority on Al Majed for Oud Group's request to register and offer its shares for public subscription, which includes approval of the Group's request to register its shares and offer (7,500,000) shares for public subscription, representing (30%) of the Group's total shares.

The value of the costs related to the project of registering the Group's shares and offering part of it for public subscription amount with 17,486,568. The previous owners pledged during the offering process to bear the value of these costs and pay them to the Group in the event of success of the offering and subscription project. On 7 October 2024, the process of listing the Group's shares in the Capital Market was completed, and all the shares offered were subscribed. The Group covered the amounts of the subscription costs from the shareholders before the offering and subscription, and the selling shareholders fully bore the cost of listing and subscription.

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

DECEMBER 2025

(All amounts are in Saudi Riyals)

### 26. LISTING AND INITIAL PUBLIC OFFERING EXPENSES (continued)

The costs have been classified and treated according to the nature of the transaction to which each of these costs is related, according to a clarification from the Accounting Standards Board on how to account for the costs of listing in the capital market when the listing with a sale of part of the founders' share to the public on 23 March 2023. These costs were classified into costs related to selling and initial public offering and were processed by constantly charging them to the old shareholders outside the Group's accounts.

The costs related to the listing transaction have been included in the consolidated statement of profit and loss. Costs related to the listing transaction that are difficult to attribute directly to both the sale process and the listing process have been allocated using the guidance of paragraph 38 of International Accounting Standard No. 32 "Financial Instruments: Presentations" between the Group and the old shareholders pro-rata to the basis of the number of shares sold to the shares held, and the Group's share was charged to the profit and loss statement.

Expenses	Base of allocation	Amounts recognized in statements of Profit or loss	
		2025	2024
Expenses related to initial public offering	Allocated to previous owners	-	-
Expenses related to listing	Allocated in profit or loss statement	-	30,000
Expenses related to initial public offering & listing	Allocated with 70% in Profit or loss statement	-	5,004,167
		-	5,034,167

The financial impact of the amounts covered by the old shareholders for the costs of listing and initial public offering was charged to the equity in accordance with the requirements of International Accounting Standard No. 32.

### 27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash at bank and cash equivalents, other financial assets measured at amortized cost and trade receivables, while financial liabilities consist of trade payables and other payables and amounts due to related parties. All assets and liabilities are classified in the amortized cost as of 31 December 2025.

### 28. FINANCIAL RISK MANAGEMENT

The major financial risks of the Group relate to market risks (including cash flow risk and fair value interest rate risk), credit risk, and liquidity risk. The Group is not exposed to foreign currency risks as the Group's transactions are in Saudi Riyals.

The Group is exposed to risks from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all these consolidated financial statements.

# Al Majed For Oud Company

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

DECEMBER 2025

(All amounts are in Saudi Riyals)

### 28. FINANCIAL RISK MANAGEMENT (Continued)

There have been no material changes in the Group's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's financial function assists the Board of directors in fulfilling their responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board of Directors is to set policies that seek to reduce risks.

#### Cash flow and fair value of interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The Group is not significantly exposed to fair value interest rate risk as the interest rate on loans is close to the current market price. The Group is exposed to interest rate risks for cash flows as loans carry variable interest rates.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Cash is deposited with banks with good credit ratings. The Group seeks to limit credit risk with respect to counter parties by setting credit limits for individual counterparties and monitoring outstanding receivables.

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position:

	31 December 2025	31 December 2024
Cash at bank	233,181,565	29,122,641
Trade Receivables	5,255,072	5,898,864
Due from related parties	-	6,746,583
Prepayments and other debit balances	13,255,419	12,244,191
	<b>251,692,056</b>	<b>54,012,279</b>

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The approach is also applied to estimate the allowance against due from related parties.

#### Liquidity Risk

Liquidity risk is the risk that a Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Group limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

# Al Majed For Oud 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)

### 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments

31 December 2025	Less than 1 year	Over 1 year	Total
Trade Payables	27,305,795	-	27,305,795
Accruals and other credit balances	53,211,232	-	53,211,232
Lease Liabilities	97,246,548	132,920,078	230,166,626
	177,763,575	132,920,078	310,683,653

  

31 December 2024	Less than 1 year	Over 1 year	Total
Trade Payables	44,766,807	-	44,766,807
Accruals and other credit balances	33,722,585	-	33,722,585
Lease Liabilities	93,282,636	165,206,573	258,489,209
	171,772,028	165,206,573	336,978,601

### Fair value

The following tables show the carrying value and fair value of the financial assets and financial liabilities of the Group, including levels of the fair value hierarchy, for financial assets and liabilities that are not measured at fair value and have a short-term maturity, it is assumed that the book value approximates its fair value and therefore it does not include fair value information for these financial instruments. It includes cash and cash equivalents, trade receivables, prepayments and other debit balances, trade payables, Payables and other credit balances.

As at 31 December 2025	Amortized Cost	Total
<b>Financial Assets</b>		
Prepayments and other debit balances	49,174,245	49,174,245
Cash and cash equivalent	233,754,940	233,754,940
	282,929,185	282,929,185
<b>Financial liabilities</b>		
Trade payables	27,305,795	27,305,795
Payables and other credit balances	53,211,232	53,211,232
	80,517,027	80,517,027

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(All amounts are in Saudi Riyals)

### 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2024	Amortized Cost	Total
<b>Financial Assets</b>		
Prepayments and other debit balances	58,859,807	58,859,807
Due from related parties	6,746,583	6,746,583
Cash and cash equivalent	29,649,142	29,649,142
	95,255,532	95,255,532
<b>Financial liabilities</b>		
Trade payables	44,766,807	44,766,807
Accrued expense and other credit balances	33,722,585	33,722,585
	78,489,392	78,489,392

### 29. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to maximize the shareholders' returns. The Group's policy is to maintain a strong capital base to maintain investors and creditors and sustain future business development.

To manage the Group's capital, capital includes issued and paid-up capital, and all other equity reserves attributable to the Group's shareholders.

Management monitors the return on capital and the level of dividends paid to shareholders and seeks to maintain a balance between higher returns (which can be enhanced by higher levels of borrowing) and the benefits and security provided by a sound capital position.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and its financial needs.

### 30. DIVIDENDS

On 5 May 2025, the Ordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends to shareholders, representing a portion of the group 2024 annual profits and retained earnings, totaling ₪ 100 million at ₪ 4 per share, paid in full during the year.

On 20 Dhu al-Qi'dah 1445, 28 May 2024, the Group's Board of Directors approved the distribution of cash dividends to shareholders, representing a portion of the group 2023 annual profits and retained earnings, totaling ₪ 125 million at 5 per share, paid in full during the year.

On July 28, 2024, a resolution was issued by the board of directors to cancel the approved dividends at the meeting held on 28 December 2023 amounting to ₪ 50,000,000, which were paid to shareholders on April 1, 2024. Shareholder's approval was obtained to repay these amounts and the collection of ₪ 50,000,000 was completed on 28 July 2024.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals)

### 31. CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2025, the Group had capital commitments related to projects under construction with a value of ﷲ 1.8 million (31 December 2024: valued at ﷲ 1.15 million)

### 32. SEGMENT REPORTING

The Group focuses primarily on the manufacture and sale of perfumes and the wholesale and retail trade of oud, incense, oils, saffron, accessories and gifts. The group's operational assets, including factories, warehouses and branches, are located in Saudi Arabia and the Gulf countries.

The Group's main sectors are presented by geographic region. The Group operates in Saudi Arabia and the Gulf countries, as detailed below:

#### a) Segment Sales

<u>Main Segment</u>	<u>Year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Kingdom of Saudi Arabia	<b>875,837,405</b>	776,322,952
GCC	<b>227,664,752</b>	149,679,052
	<b>1,103,502,157</b>	926,002,004

#### b) The group has classified its assets according to the following geographical sectors by geographical location:

<u>As at 31 December 2025</u>	<u>In the Kingdom of Saudi Arabia</u>	<u>GCC</u>	<u>Total</u>
<b>Total Assets</b>	<b>793,758,989</b>	<b>112,164,547</b>	<b>905,923,536</b>
<b>Total Liabilities</b>	<b>260,425,975</b>	<b>61,243,551</b>	<b>321,669,526</b>
<b>Revenue</b>	<b>875,837,405</b>	<b>227,664,752</b>	<b>1,103,502,157</b>
<b>Net Profit</b>	<b>173,372,582</b>	<b>44,232,924</b>	<b>217,605,506</b>

<u>As at 31 December 2024</u>	<u>In the Kingdom of Saudi Arabia</u>	<u>GCC</u>	<u>Total</u>
<b>Total Assets</b>	<b>674,781,664</b>	<b>118,951,842</b>	<b>793,733,506</b>
<b>Total Liabilities</b>	<b>221,379,281</b>	<b>104,165,753</b>	<b>325,545,034</b>
<b>Revenue</b>	<b>776,322,952</b>	<b>149,679,052</b>	<b>926,002,004</b>
<b>Net Profit</b>	<b>136,700,718</b>	<b>20,257,811</b>	<b>156,958,529</b>

### 33. IMPORTANT EVENTS

On 30 December 2025 (corresponding to 10 Rajab 1447 AH), the Group announced the signing of a Memorandum of understanding with Mr. Othman Abdullah Othman Al- Suwaih, Mr. Abdullah Othman Abdullah Al- Suwaih and Mr. Amr Othman Abdullah Al-Suwaih for the potential acquisition of the entire share capital of Al-safa pharmaceuticals and Medical Supplies Group Limited.

### 34. COMPARITIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the amounts of current year presentation.

### 35. SUBSEQUENT EVENTS

The Group management believes that there are no subsequent events up to the date of preparation of the financial statements that would affect the financial statements.

### 36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 14 Shaaban 1447 AH (corresponding to February 03, 2026).