

**SINAD HOLDING COMPANY**

A SAUDI JOINT STOCK COMPANY

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

**SINAD HOLDING COMPANY**  
(A Saudi joint stock company)  
Consolidated financial statements  
For the year ended 31 December 2025  
**Index**

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## Independent auditor's report

To the shareholders of  
**Sinad Holding Company**  
A Saudi Joint Stock Company

Riyadh – Kingdom of Saudi Arabia

### Opinion

We have audited the consolidated financial statements of **Sinad Holding Company** (the “Company”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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. The key audit matters include:

**Independent auditor’s report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2025 (continued)**

**Key audit matters (continued)**

Revenue from contracts with customers	
Key audit matter	How the key audit matter was addressed in our audit
<p>The group’s net revenues for the year ended 31 December 2025 amounted to SAR 1.69 billion (31 December 2024: SAR 1.74 billion).</p> <p>Management recognizes revenue in accordance with the principles of International Financial Reporting Standard No 15 'Revenue from Contracts with Customers'.</p> <p>Most of the Group's revenue arrangements are straightforward, being recognized at a specific point in time and requiring the exercise of some judgement. In some cases, the Group provides a right of return and volume discount to its customers; This increases the level of judgment in recognizing revenue at the end of the year.</p> <p>The determination of trade discount amount depends on the following; significant judgments, number of purchases made by the concerned customers, and on the potential arrangement between the Company and its customer. In addition, determining a provision for goods that the customers have the right to return requires taking into account historical indicators.</p> <p>We have considered this matter as a key audit matter as revenue is a material area in the consolidated financial statements and serves as a key performance indicator. The recognition of revenue from contracts with customers requires management to apply significant assumptions.</p>	<p>We have performed the following procedures to audit revenue from contracts with customers:</p> <ul style="list-style-type: none"> <li>• Evaluating the Group policy of recognizing revenue in accordance with International Financial Reporting Standards (15) “Revenue from contracts with customers”;</li> <li>• Evaluating the design, implementation, and testing of the operating effectiveness of the Group's controls over revenue recognition;</li> <li>• Testing a sample of contracts with customer, in particular the contractual terms related to variable consideration, such as volume discounts and rights to return, and performing recalculation accordingly;</li> <li>• Testing a sample of sales transactions that occurred before and after the end of the year to evaluate whether revenues were recognized in the correct accounting period;</li> <li>• Testing a sample of revenue transactions during the year and inspected the underlying goods delivery and acceptance notices to assess compliance with Company’s revenue recognition accounting policy;</li> <li>• Auditing the management's methodology for calculating the provision for goods eligible for return taking into account historical indicators and tested the reasonableness of significant assumptions by comparing them with actual results; and</li> <li>• Auditing the disclosures in the consolidated financial statements related to revenue from contracts with customers.</li> </ul>
<p>For more details, please refer to notes (2-6 E /3/4/5)</p>	

**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2025 (continued)**

<b>Investments and financial assets and financial investments at fair value through income statement</b>	
<b>Key audit matter</b>	<b>How the key audit matter was addressed in our audit</b>
<p>As disclosed in the relevant notes to the consolidated financial statements, the Group holds financial investments comprising the following:</p> <ul style="list-style-type: none"> <li>Financial instruments quoted in an active market (Level 1) amounting to SAR 592 million as of 31 December 2025 (31 December 2024: SAR 394 million).</li> <li>Financial instruments not quoted in an active market (Level 3) amounting to SAR 185 million as of 31 December 2025 (31 December 2024: SAR 300 million).</li> </ul> <p>We considered this a key audit matter because:</p> <ul style="list-style-type: none"> <li>The measurement of financial instruments not quoted in an active market (Level 3) requires significant estimates by management.</li> <li>Changes in assumptions or the availability of new data could have a material impact on the financial statements.</li> </ul>	<p>We performed the following procedures to review the accounts of investment and financial assets and financial investments at fair value through income statement:</p> <ul style="list-style-type: none"> <li>Understand the accounting policies used to measure investments at fair value;</li> <li>Auditing the sources of data used to determine the fair value of financial instruments quoted in an active market (Level 1);</li> <li>Evaluating the management's assumptions and models used to measure financial instruments not quoted in an active market (Level 3) when supporting data is available;</li> <li>Involved our internal experts to support in evaluating the assumptions and inputs used in investment evaluation models.</li> <li>Verifying the adequacy of disclosures related to these financial instruments in the consolidated financial statements and their compliance with relevant accounting standards.</li> </ul>
For more details, please refer to notes (2-6 B/16/21/32)	

**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2025 (continued)**

<b>Impairment of goodwill</b>	
<b>Key audit matter</b>	<b>How the key audit matter was addressed in our audit</b>
<p>As at 31 December 2025, the Group has goodwill arising from a previous business combination amounting to SAR 157 million (31 December 2024: SAR 157 million).</p> <p>According to IAS 36 – Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually, regardless of whether there is any indication of impairment.</p> <p>Goodwill is monitored by management at the cash-generating unit (CGU) level. As at 31 December 2025, management conducted an impairment test for goodwill allocated to each CGU by determining the recoverable amount based on the value in use derived from a discounted cash flow model prepared based on the latest official business plan developed by the Group's management. This test did not result in any impairment loss to be recognized.</p> <p>We considered it as a KAM due to:</p> <p>As the assessment of the recoverable amount of goodwill based on value in use is complex and requires a significant management judgment, The key judgment areas in management's assessment include:</p> <p>(a) Assumptions regarding expected economic conditions, particularly growth in the markets in which the Group primarily operates;</p> <p>(b) Sales growth rate and pre-tax discount rates Tax in value-in-use model.</p>	<p>We performed the following procedures in relation to management's assessment of the impairment of goodwill:</p> <ul style="list-style-type: none"> <li>• We evaluated the methodology used by management to determine the recoverable amount based on the value in use of the assets in each cash-generating unit and compared it with the requirements of IAS 36. We inquired and discussed with management any changes made to the impairment model in the current year and tested the mathematical accuracy of the model;</li> <li>• We tested the accuracy and relevance of the input data used in the model by referring to supporting evidence, such as approved budgets, and considered the reasonableness of these budgets in comparison with the historical results of the Group's performance against the budgets;</li> <li>• Involved our internal experts to support in evaluating the assumptions and inputs used in the goodwill impairment assessment models.</li> <li>• We examined the methodology applied to support the value in use calculations and the use of key assumptions including, in particular, sales growth rates and pre-tax discount rates;</li> <li>• We performed sensitivity analysis on key assumptions, primarily sales growth rates and pre-tax discount rates, to assess the potential impact on a range of possible outcomes; and</li> <li>• We also tested the adequacy of the Group's disclosures included in the accompanying consolidated financial statements.</li> </ul>
<p>For more details, please refer to notes (2-6 A/3/Q/14/33)</p>	

**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2025 (continued)**

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of management and Those Charged with Governance for the consolidated financial statements**

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

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

Those Charged with Governance, i.e., the Board of Directors is responsible for overseeing the Group's financial reporting process.



**Independent auditor's report to the shareholders of Sinad Holding a Saudi joint stock company for the year ended 31 December 2025 (continued)**

**Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

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



**Independent auditor's report to the shareholders of Sinad Holding a Saudi joint stock company 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  
Certified Public Accountant  
License No. 362



Riyadh, on: 23 Ramadan 1447 (H)  
Corresponding to: 12 March 2026 (G)

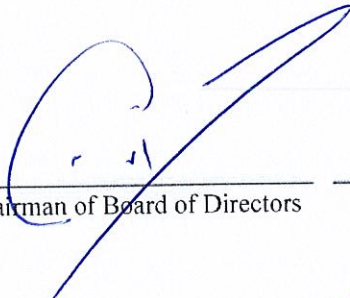
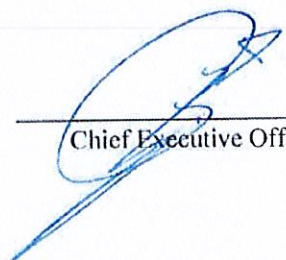
**SINAD HOLDING COMPANY**  
(A Saudi joint stock company)  
Consolidated statement of income  
for the year ended 31 December 2025  
(Saudi Riyal)

	Notes	31 December 2025	31 December 2024 (Restated - Note 36)
Revenue from contracts with customers	5	1,694,380,532	1,743,374,758
Cost of revenue	6	(1,195,814,148)	(1,221,520,986)
<b>GROSS PROFIT FROM REVENUE</b>		<b>498,566,384</b>	<b>521,853,772</b>
Dividend income from investments and financial assets	16 (D)	1,332,119	1,695,105
(Loss) / gain from valuation of financial investments at fair value through statement of income	21	(2,217,423)	6,633,216
(Loss) / gain from valuation of equity instruments at fair value through statement of income	16 (B)	(16,116,502)	4,440,300
Gain from valuation of debt instruments at fair value through statement of income	16 (C)	102,653	268,937
<b>TOTAL (LOSS) / GAIN FROM INVESTMENT</b>		<b>(16,899,153)</b>	<b>13,037,558</b>
<b>GROSS PROFIT</b>		<b>481,667,231</b>	<b>534,891,330</b>
Selling and distribution expenses	7	(270,715,114)	(267,038,885)
General and administrative expenses	8	(147,552,205)	(148,116,410)
Provision for expected credit losses	18	14,776,181	16,400,459
Other operating income, net		25,285,583	5,645,370
<b>TOTAL EXPENSES</b>		<b>(378,205,555)</b>	<b>(393,109,466)</b>
<b>NET INCOME FROM OPERATIONS</b>		<b>103,461,676</b>	<b>141,781,864</b>
Other expenses, net	30	(9,100,531)	(21,163,277)
Finance charges	9	(54,028,120)	(58,206,431)
<b>INCOME FROM CONTINUING OPERATION BEFORE ZAKAT AND INCOME TAX</b>		<b>40,333,025</b>	<b>62,412,156</b>
Zakat	10 (A)	(7,811,434)	(10,438,430)
Income tax	10 (B)	(8,539,435)	(15,372,828)
<b>NET INCOME FOR THE YEAR FROM CONTINUING OPERATION</b>		<b>23,982,156</b>	<b>36,600,898</b>
<b>LOSS FOR THE PERIOD / YEAR FROM DISCONTINUED OPERATION</b>	2	<b>(6,581,489)</b>	<b>(11,108,294)</b>
<b>GAINS FROM SALE OF DISCONTINUED OPERATION</b>	2	<b>834,316</b>	<b>-</b>
<b>NET LOSS FOR THE PERIOD / YEAR FROM DISCONTINUED OPERATION</b>		<b>(5,747,173)</b>	<b>(11,108,294)</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>18,234,983</b>	<b>25,492,604</b>

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi joint stock company)  
Consolidated statement of income (continued)  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))




	Notes	31 December 2025	31 December 2024 (Restated - Note 36)
<b>NET (LOSS) / INCOME FOR THE YEAR</b>			
<b>ATTIBUTABLE TO:</b>			
Shareholders of the Parent Company from continuing operations		(9,066,428)	7,233,555
Shareholders of the Parent Company from discontinued operations		(5,747,173)	(11,108,294)
Non-controlling interests		<u>33,048,584</u>	<u>29,367,343</u>
		<u>18,234,983</u>	<u>25,492,604</u>
Basic and diluted (losses) / earnings per share attributable to the Parent Company's shareholders from continuing operations	11	(0.07)	0.06
Basic and diluted losses per share attributable to the Parent Company's shareholders from discontinued operations	11	(0.05)	(0.09)
Basic and diluted losses per share attributable to the Parent Company's shareholders from net loss for the year	11	(0.12)	(0.03)

 <hr style="width: 100%;"/> <p>Chairman of Board of Directors</p>	 <hr style="width: 100%;"/> <p>Chief Executive Officer</p>	 <hr style="width: 100%;"/> <p>Chief Financial Officer</p>
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The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of comprehensive income  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

	Notes	31 December 2025	31 December 2024
<b>NET INCOME FOR THE YEAR</b>		18,234,983	25,492,604
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items can be reclassified to consolidated statement of income subsequently</b>			
Foreign currency translation reserve		2,611,179	(62,720,925)
<b>Items that will not be reclassified to consolidated statement of income subsequently</b>			
Net Gain (losses) on revaluation of equity instruments at fair value through other comprehensive income	16 (A)	(31,489,835)	21,276,273
Gain from sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	16 (A)	(7,984,264)	(2,887,203)
Remeasurement of employee defined benefit liabilities	27	586,658	2,106,875
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(36,276,262)</u>	<u>(42,224,980)</u>
<b>NET COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(18,041,279)</u>	<u>(16,732,376)</u>
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Parent Company		(52,539,999)	(18,544,984)
Non-controlling interests		34,498,720	1,812,608
		<u>(18,041,279)</u>	<u>(16,732,376)</u>

		
Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of financial position  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

	Notes	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	613,547,985	616,757,685
Investment properties	13	52,440,203	52,440,203
Intangible assets	14	158,392,518	159,651,586
Right of use assets	15	33,915,058	38,527,138
Investments and financial assets	16	703,338,268	673,727,732
Deferred tax assets	10	1,109,619	1,006,018
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,562,743,651</b>	<b>1,542,110,362</b>
<b>CURRENT ASSETS</b>			
Inventory	17	326,630,821	379,704,610
Receivables	18	229,933,337	400,848,160
Prepaid expenses and other current assets	19	42,277,902	60,604,211
Financial investments at fair value through statement of income	21	73,977,888	19,877,864
Cash and cash equivalent	22	76,710,927	79,414,492
<b>TOTAL CURENT ASSETS</b>		<b>749,530,875</b>	<b>940,449,337</b>
<b>TOTAL ASSETS</b>		<b>2,312,274,526</b>	<b>2,482,559,699</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital	23	1,263,888,890	1,263,888,890
Retained earnings (Accumulated losses)		58,577,929	68,232,326
Net loss on revaluation of equity instrument at fair value through other comprehensive income	16(A)	(125,233,836)	(85,759,737)
Foreign currency translation reserve		(166,330,233)	(167,922,487)
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF PARENT COMPANY</b>		<b>1,030,902,750</b>	<b>1,078,438,992</b>
Non-controlling interests	25	301,231,559	273,200,284
<b>TOTAL EQUITY</b>		<b>1,332,134,309</b>	<b>1,351,639,276</b>

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of financial position (continued)  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

	Notes	31 December 2025	31 December 2024
<b>NON-CURRENT LIABILITIES</b>			
Islamic Murabaha financing contracts and long-term loans	26	157,398,029	50,243,057
Lease liabilities	15	21,597,272	27,847,292
Employee's defined benefits liabilities	27	75,108,432	75,713,883
Deferred tax liabilities	10	1,758,400	2,468,060
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>255,862,133</b>	<b>156,272,292</b>
<b>CURRENT LIABILITIES</b>			
Payables and other current liabilities	28	370,660,847	378,209,926
Short term Islamic Murabaha financing	29	266,857,730	471,888,822
Current portion of Islamic Murabaha contracts and long-term loans	26	28,130,704	49,583,333
Current portion of lease liabilities	15	17,113,135	14,154,120
Dividends payable		12,027,325	12,042,133
Zakat and income tax payable	10	29,488,343	48,769,797
<b>TOTAL CURRENT LIABILITIES</b>		<b>724,278,084</b>	<b>974,648,131</b>
<b>TOTAL LIABILITIES</b>		<b>980,140,217</b>	<b>1,130,920,423</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,312,274,526</b>	<b>2,482,559,699</b>

  
Chairman of Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**


(A Saudi Joint Stock Company)

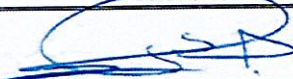
Consolidated statement of changes in equity

For the year ended 31 December 2025

(Amounts are listed in Saudi Riyals (ﷲ))

	Equity attributable to shareholders of the Parent Company							
	Capital	Statutory reserve	Retained earnings	Net loss on revaluation of equity instrument at fair value through OCI	Foreign currency translation reserve	Total equity attributable to the parent Company	Non-controlling interests	Total equity
<b>For the year ended 31 December 2025</b>								
Balance as at 1 January 2025	1,263,888,890	-	68,232,326	(85,759,737)	(167,922,487)	1,078,438,992	273,200,284	1,351,639,276
Net (loss) / profit for the year	-	-	(14,813,601)	-	-	(14,813,601)	33,048,584	18,234,983
Gain from valuation of equity instruments at fair value through other comprehensive income	-	-	-	(31,489,835)	-	(31,489,835)	-	(31,489,835)
Other Items in Other Comprehensive Income	-	-	317,820	-	1,429,881	1,747,701	1,450,136	3,197,837
Gain from disposal of equity instruments at fair value through other comprehensive income transfer to retained earnings	-	-	-	(7,984,264)	-	(7,984,264)	-	(7,984,264)
Total comprehensive (loss) / income	-	-	(14,495,781)	(39,474,099)	1,429,881	(52,539,999)	34,498,720	(18,041,279)
Disposal of share equity in a subsidiary without loss of control (Note 25)	-	-	556,605	-	162,373	718,978	241,282	960,260
Addition of share equity in a subsidiary (Note 25)	-	-	(3,699,485)	-	-	(3,699,485)	(1,982,071)	(5,681,556)
Dividends received	-	-	-	-	-	-	(4,726,656)	(4,726,656)
Gain on sale of equity instruments at fair value through other comprehensive income transferred from net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	7,984,264	-	-	7,984,264	-	7,984,264
<b>Balance as at 31 December 2025</b>	<b>1,263,888,890</b>	<b>-</b>	<b>58,577,929</b>	<b>(125,233,836)</b>	<b>(166,330,233)</b>	<b>1,030,902,750</b>	<b>301,231,559</b>	<b>1,332,134,309</b>

  
Chairman of Board of Directors

  
Chief Executive Officer


  
Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of changes in equity (continued)  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

	Equity attributable to shareholders of the Parent Company							Total equity
	Capital	Statutory reserve	Retained earnings	Net loss on revaluation of equity instrument at fair value through OCI	Foreign currency translation reserve	Total equity attributable to the parent Company	Non-controlling interests	
<b>For the year ended 31 December 2024</b>								
Balance as at 1 January 2024	1,263,888,890	219,249,829	(160,249,092)	(104,148,807)	(135,219,683)	1,083,521,137	268,259,253	1,351,780,390
Net (loss) / profit for the year	-	-	(3,874,739)	-	-	(3,874,739)	29,367,343	25,492,604
Gain from valuation of equity instruments at fair value through other comprehensive income	-	-	-	21,276,273	-	21,276,273	-	21,276,273
Other Items in Other Comprehensive Income	-	-	1,734,997	-	(34,794,312)	(33,059,315)	(27,554,735)	(60,614,050)
Gain from disposal of equity instruments at fair value through other comprehensive income transfer to retained earnings	-	-	-	(2,887,203)	-	(2,887,203)	-	(2,887,203)
Total comprehensive (loss) / income	-	-	(2,139,742)	18,389,070	(34,794,312)	(18,544,984)	1,812,608	(16,732,376)
Transfer from statutory reserve to amortise accumulated losses (Note 24)	-	(219,249,829)	219,249,829	-	-	-	-	-
Disposal of share equity in a subsidiary without loss of control (Note 25)	-	-	8,484,128	-	2,091,508	10,575,636	3,128,423	13,704,059
Gain on sale of equity instruments at fair value through other comprehensive income transferred from net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	2,887,203	-	-	2,887,203	-	2,887,203
<b>Balance as at 31 December 2024</b>	<b>1,263,888,890</b>	<b>-</b>	<b>68,232,326</b>	<b>(85,759,737)</b>	<b>(167,922,487)</b>	<b>1,078,438,992</b>	<b>273,200,284</b>	<b>1,351,639,276</b>

  
Chairman of Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of cash flows  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

		31 December 2025	31 December 2024 (Restated - Note 36)
	Notes		
<b>OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		40,333,025	62,412,156
Adjustments:			
Finance charges of Murabaha and loans	9	50,803,172	57,082,637
Depreciation of property, plant and equipment	12	56,345,482	58,230,277
Gains from sale of property, plant and equipment		(12,930,745)	(4,859,116)
Impairment in property, plant and equipment	12	2,131,054	1,964,958
Adjustments to lease contracts		427,077	(4,718,917)
Amortization of intangible assets	14	282,258	458,060
Depreciation of right of use assets	15	11,501,708	10,713,171
Finance charges related to lease liabilities	15	3,224,948	2,519,708
Gain from valuation of investments in debt instruments at fair value through statement of income	16 (C)	(102,653)	(268,937)
Loss / (gain) from valuation of equity instruments at fair value through statement of income	16 (B)	16,116,502	(4,440,300)
Dividend income from investments and financial assets	16 (D)	(1,332,119)	(1,695,105)
Provision for inventory, net	17	2,643,423	5,675,322
Provision for expected credit losses, net	18	(14,776,181)	(16,400,459)
Gains from investment at fair value through statement of income	21	2,217,423	(6,633,216)
Employee's defined benefits liabilities	27	9,776,313	9,139,418
Gains from recognizing an investment in equity instruments at fair value through the income statement		(1,000,000)	-
		<u>165,660,687</u>	<u>169,179,657</u>
<b>Changes in:</b>			
Receivables and other debit balances		201,742,582	10,606,277
Inventory		56,637,900	(80,178,516)
Payable and other current liabilities		(7,535,405)	34,104,309
Due From / to related parties		(440,665)	(712,924)
<b>Cash from operations</b>		<u>416,065,099</u>	<u>132,998,803</u>
Finance charges paid		(51,281,476)	(54,104,443)
Zakat and income tax paid	10	(31,035,541)	(37,589,689)
Employee's defined benefits liabilities paid	27	(9,608,100)	(13,455,000)
<b>Net cash generated from operating activities - Continuing operation</b>		<u>324,139,982</u>	<u>27,849,671</u>
<b>Net cash used in operating activities - Discontinued operation</b>		<u>(683,575)</u>	<u>(4,211,221)</u>
<b>Net cash generated from operating activities</b>		<u>323,456,407</u>	<u>23,638,450</u>

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of cash flows (continued)  
For the year ended 31 December 2025  
(Amounts are listed in Saudi Riyals (ﷲ))

	Notes	31 December 2025	31 December 2024 (Restated - Note 36)
<b>INVESTING ACTIVITIES</b>			
Proceeds from investment income and financial assets	16 (D)	1,332,119	1,695,105
Paid for Purchase of property, plant and equipment and assets under constructions	12	(55,905,434)	(32,372,071)
Proceeds from sale of property, plant and equipment		14,425,725	8,162,436
Paid for Purchase of intangible assets	14	-	(228,520)
Paid for purchase financial investments at fair value through statement of income	21	(57,200,000)	(7,823,447)
Proceeds from the sale of financial investments at fair value through statement of income	21	882,553	7,214,674
Paid for purchase of investments and financial assets	16 (B)	(116,104,996)	(9,320,417)
Proceeds from sale of investment and financial assets	16 (A)	39,990,776	10,880,690
Payments for additions to investments at amortized cost		-	77,162,884
Proceeds from Partial disposal of a subsidiary's ownership interest without loss of control	25	960,260	13,704,059
Paid for purchase ownership interest in a subsidiary	25	(5,681,556)	-
<b>Net cash (used in) / generated from investing activities - Continuing operation</b>		<b>(177,300,553)</b>	<b>69,075,393</b>
<b>Net cash used in investing activities - Discontinued operation</b>		<b>(1,183,278)</b>	<b>(257,751)</b>
<b>Net cash (used in) / generated from investing activities</b>		<b>(178,483,831)</b>	<b>68,817,642</b>
<b>FINANCING ACTIVITIES</b>			
Proceed from Islamic Murabaha financing contracts and loans		1,379,456,496	1,298,011,974
Paid for Islamic Murabaha financing contracts and loans		(1,498,306,941)	(1,391,687,773)
Share of non-controlling interest of dividend in a subsidiary Companies	25	(4,726,656)	-
Lease liabilities payment	15	(13,492,014)	(12,847,125)
Dividends paid		(14,808)	(71,081)
Changes in restricted bank balances held for dividends		14,797	71,080
<b>Net cash used in financing activities - Continuing operation</b>		<b>(137,069,126)</b>	<b>(106,522,925)</b>
<b>Net cash used in financing activities - Discontinued operation</b>		<b>(3,063,923)</b>	<b>(2,160,445)</b>
<b>Net cash used in financing activities</b>		<b>(140,133,049)</b>	<b>(108,683,370)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENT</b>		<b>4,839,527</b>	<b>(16,227,278)</b>
Effect of exchange difference from translation of cash and Cash equivalent		(7,395,144)	(7,129,445)
Cash and cash equivalent at the beginning of the year	22	67,535,591	90,892,314
<b>CASH AND CASH EQUIVALENT NOT RESTRICTED AT THE END OF THE YEAR</b>	22	<b>64,979,974</b>	<b>67,535,591</b>
Restricted cash at the end of the year	22	11,864,104	11,878,901
Cash from discontinued operation		(133,151)	-
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	22	<b>76,710,927</b>	<b>79,414,492</b>

**MATERIAL NON-CASH TRANSACTIONS:**

**Investing activities**

Gains from recognizing an investment in equity instruments at fair value through the income statement

(1,000,000)

**Financing activities**

Foreign currency translation reserve  
Additions and extension of lease contracts

15

2,611,179  
14,514,625

(62,720,925)  
19,235,815

Chairman of Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements

## **1. COMPANY'S INFORMATION**

Sinad Holding Company ("the Company" or the "Parent Company") was incorporated as a Saudi Joint Stock Company, in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, according to Royal Decree No. 78 dated 7 Dhul- Qadah 1395 H (corresponding to 11 November 1975). The Company operates under Commercial Registration No. 5850000276 issued in Abha on 15 Muharam 1397 H, (corresponding to 5 January 1977). The Company is also listed in the Capital Market Authority in Kingdom of Saudi Arabia. The Parent Company is 53.18% owned by a major shareholder (Dala Al Baraka Holding Company) and 46.82% by other shareholders.

During the year ended 31 December 2022, the Company's headquarters has been modified to be in Riyadh.

The Company's activity is represented in the following:

- Managing its subsidiaries, or participating in managing other Companies in which it contributes and providing the necessary support to them.
- Investing in stocks and other securities.
- Owning real estate and movables necessary to carry out its activity.
- Providing loans, guarantees and financing to its subsidiaries.
- Owning industrial property rights such as patents, trademarks, industrial rights, franchises and other moral rights, and exploiting and leasing them to its subsidiaries or others.
- Any other activity consistent with the nature of the Company.

The registered office of the Company is CMC tower, Almalqa District, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION**

### **2.1 BASIS OF PREPARATION**

These consolidated financial have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### **2.2 BASIS OF MEASUREMENT**

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments, which are measured at fair value, and employees' benefit liabilities, which are measured at the present value of future liabilities using the projected unit credit method.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Group, except when otherwise indicated.

### **2.4 GOING CONCERN ASSESSMENT**

The group's management has assessed the group's ability to continue its operations and has developed appropriate plans and solutions to address the challenges, including attracting experts specializing in the group's activities, conducting market research, and expanding into local and international markets to boost revenues and increase current assets, in addition to other measures. Accordingly, the group's management is fully convinced that the group has the ability and resources necessary to continue its operations and generate profits. Accordingly, the financial statements were prepared based on a going concern basis.

### **2.5 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2024, Control is achieved when the Group owns, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee)
- Right, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that 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 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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## **2.BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

Income and each component of other comprehensive income are attributed to the shareholders of the parent of the Group and to the non-controlling interests even if this causes non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries, when there are significant differences between the Group and subsidiary, to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any change in shares of a subsidiary, does not result in loss of control, is treated within equity.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities and any components of equity related to the subsidiary. It also recognizes any profit or loss resulting from loss of control in the consolidated statement of income and recognizes any investment share retained at fair value.

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION**

The Group applied the following accounting policies consistently to all periods presented in these consolidated financial statements. Additionally, the Group adopted the disclosure of accounting policies (amendments to IAS 1 and IFRS 2 Practice Statement) effective 1 January 2023. The amendments require the disclosure of "material" accounting policies instead of "significant". The amendments did not result in any changes to the accounting policy itself, and did not materially change the disclosed accounting policy information.

The significant accounting policies adopted for the preparation of these consolidated financial statements are as follows:

#### **A) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of derivatives embedded in the contracts entered from the acquiree. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in-excess of aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### **B) Investments and financial assets**

##### ***1) Investments in associates***

Investment of the Parent Company in associates is accounted for using the equity method of accounting. An associate is an entity in which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized at cost in the consolidated statement of financial position plus changes in the Parent Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Parent Company's share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognises its share of any changes, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each date of consolidated statement of financial position, the Parent Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of an associate' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **2) *Equity instruments at fair value through other comprehensive income***

##### *Unquoted shares and interests*

Fair value is determined based on the market value when there is an open market, in the absence of an open market, fair value is determined based on the market value of a similar investment or on the basis of predicted discounted cash flows and other related factors.

Changes in fair value are credited / charged to the consolidated statement of other comprehensive income. Where there is objective evidence that investments may be impaired, the fair value of the investment is determined. The impairment loss is recognized in the consolidated statement of other comprehensive income. In assessing impairment, the expected future cash flows and other factors are taken into consideration. Where partial holdings are sold, the related carrying value of such investments are accounted for on a weighted average basis.

#### **3) *Debt instruments at fair value through profit or loss***

##### *Investments in Funds*

The fair value is determined based on the market value when there is an open market, and in the absence of an open market, the fair value is determined on the basis of the market value of the fund units or on the basis of the expected discounted cash flows and other related factors.

Changes in fair value are recorded / charged to the consolidated statement of income.

#### **4) *Investment properties***

Investments held to realize rental revenue or capital returns as investments properties.

Investment properties are recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The lands owned are not depreciated. The cost of other property is depreciated on a straight-line basis over the estimated useful lives of the assets.

The carrying values of investment in property are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

### **C) Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle of the Group
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the date of the consolidated financial position, or

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **C) Current versus non-current classification (continued)**

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the consolidated financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle of the Group
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the date of the consolidated financial position, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated financial position.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **D) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The most advantageous market to which the Group has access at that 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, with the assumption that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into an account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses evaluation techniques in line with circumstances and conditions and available data to measure fair value and maximise the observable inputs and minimise the non-observable data to a large extent.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within 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:

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **D) Fair value measurement (Continued)**

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Other valuation techniques that are significant to the fair value measurement is directly or indirectly observable
- Level 3 - Inputs that are significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **E) Revenue from contracts with customers**

Revenues from contracts with customers are achieved when the control over goods or services is transferred to the customer with a consideration reflects the amount which the Group expects to obtain against such goods or services.

The following considerations are to be achieved before recognition of revenues:

##### ***(I) Sale of goods***

Income from sale of goods should be recognized when control of the asset is transferred to the customer, generally on delivery of the finished goods.

The Group takes into account the extent of availability of other promises in the contract that represent an independent performance obligation allocated with part of the transaction price (i.e., guarantees, quantity discount). In the process of determination of transaction price for the sale of goods, the Group takes into consideration the effect of variable price, the availability of significant finance elements, non-cash consideration and consideration payable to the customer (if any).

##### **Variable consideration**

If the price in the contract includes a variable consideration, the Group then estimates the amount of consideration that the Group will deserve against the transfer of goods to the customer. The variable price is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved and continues constrained until it becomes strongly probable to recognize a significant revenue in the recognized accumulated amount of the revenue. Certain contracts to sell goods give customer the right to return and right to obtain quantity discount. Both right of return and quantity discount may lead to the increase of variable consideration.

##### **Rights of return**

When a contract provides a customer with a right to return the goods within a specified period, the Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. For the goods expected to be returned, instead of obtaining revenues from, the Group recognizes a return obligation and a right to return asset is recognized (with corresponding adjustment on the sales cost)

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **E) Revenue from contracts with customers (Continued)**

under products with customer's right to return.

##### Trade discount

The Group offers discount on quantities with prospective effect to certain customers in case the purchased quantity of products during the period exceeds the specified limit in the contract. The discounts are offset against amount payable to the customer. To determine the variable consideration of the future expected discounts, the Group applies the most probable amount for the contracts with one limit for quantity discount and the expected value method for the contracts of more than one limit to obtain discounts on quantities. The number of limits of trade discount in the contract primarily determine the best method which predicts best variable consideration. Then the Group applies the requirements of constrained estimates on the variable consideration and recognizes a liability against the future expected discount returns on quantities.

##### Income from dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

**Step 1** - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2** - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3** - Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4** - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5** - Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Company considers the below mentioned indicators to assess the transfer of control of the promised asset:

- the Company has a present right to payment for the asset
- the customer has legal title to the asset
- the Company has transferred physical possession of the asset

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **E) Revenue from contracts with customers (Continued)**

- The customer has the significant risks and rewards of ownership of the asset - the customer has accepted the asset

IFRS 15 divides contract fulfilment costs into two categories: (1) those that give rise to an asset and (2) those that are expensed as incurred. When determining the appropriate accounting treatment for these costs, any other applicable standards should be considered first. If other accounting standard precludes the recognition of an asset for a particular cost, an asset cannot then be recognized under IFRS 15.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes and duty and is recorded net of trade discounts and volume rebates.

#### *Finance revenues*

Income from Murabaha deals (commission) and financial assets associated with commission is recognized by using the effective return rate which is the rate that decreases the expected future cash payments or proceeds throughout the shorter of assumed life of the financial instruments or less period as required against the net carrying amount of the financial asset or liability.

#### **F) Expenses**

All expenses including operating expenses, general and administrative expenses, and other expenses are recognized and stated at the consolidated statement of income in the year in which such expenses are realized.

Selling and distribution expenses are those expenses related to salesmen distribution other related contingent expenses. All other expenses are classified as general and administration expenses.

#### **G) Zakat and taxes**

##### *Zakat*

Zakat provision for the Parent Company and subsidiaries is provided for in accordance with the financial regulations in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

##### *Current income tax*

Current income tax assets and liabilities and previous periods related to one of the subsidiaries outside the Kingdom of Saudi Arabia are measured at the amount expected to be recovered from or Income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the date of the statement of financial position.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **G) Zakat and taxes (continued)**

##### *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 date of preparing the consolidated financial position.

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 income nor taxable income.
- 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 income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, 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 income nor taxable income
- 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 reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each date of the financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognized deferred tax assets are re-assessed at each date of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated financial position.

Deferred and current tax is recognized as revenue or expense in the consolidated income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in partners' equity.

Deferred tax relating to items recognized outside profit or loss is recognized outside consolidated

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **G) Zakat and taxes (continued)**

##### *Deferred tax (Continued)*

statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority for the same taxable entity before the same tax Authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as not exceeding goodwill) if it was incurred during the measurement period or recognized in consolidated profit or loss.

##### *Sale Taxes*

Revenue, expenses and assets are recognized at net value (net of sales taxes) except in the following cases:

- If sales taxes accrued on the acquisition of assets or services not refunded from Tax Authority, in this case, sales taxes are recognized as a part of the asset purchase or a part of expense items based on the case itself.
- Including accounts receivable and payable in taxes on sales.

Net taxes on sales which can be refunded or paid to Tax Authority - is accredited to accounts receivable or payable in the statement of financial position.

#### **H) Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency prevailing rate at the date the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the date of preparing consolidated statement of financial position.

##### *1) Transactions and balances*

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income, except for the monetary items that are designated as part of the hedge of the Group's net investments of the foreign subsidiary. These are stated in the consolidated statement of comprehensive income until the net investment is disposed of. Then, they are recognized in the consolidated statement of income. Tax charges and changes resulting from exchange differences on those monetary items are also recorded in consolidated statement of comprehensive income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### ***1) Transactions and balances***

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the major transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on re-translation of non-monetary items measured at fair value are treated in line with the recognition of gain or loss on change in fair value in the item (differences from translation of items which are recognized at change in fair value in the consolidated statement of comprehensive income and consolidated statement are treated the same way respectively).

#### ***2) Group's Companies***

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals (SR) at the rate of exchange prevailing at the date of preparing the consolidated financial statements and translation of the items in consolidated statement of income at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are directly recognized in consolidated statement of other comprehensive income. On disposal of a foreign subsidiary, the OCI component relating to that particular foreign operation is recognized in the consolidated statement of income.

Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the fair value of assets and liabilities credited by carrying amount arising on the acquisition are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate at the date of the consolidated financial statement.

#### **I) Dividends**

Cash or non-cash distributions to shareholders in the Parent Company are recognized as liabilities when the distribution is authorized. As per the Regulations for Companies in KSA, a distribution is authorized when it is approved by the shareholders. The directly distributed amount is deducted from shareholders' equity and recognized as a liability. Board of directors has the right to recognize interim dividends, provided that dividends will be approved by the next general assembly.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of income.

#### **J) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replaced parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **J) Property, plant and equipment**

criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a comprehensive inspection is performed, its cost is recognized in the carrying amount as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

Depreciation is calculated on a straight-line basis over estimated useful lives of the assets.

During the year 2023 Management has changed the estimated useful lives based on the commitment to maintain the assets in the best operating condition to be compatible with the activity and nature of the operating assets as follows:

<b><u>Property, plant and equipment</u></b>	<b><u>Estimated useful live</u></b>
Buildings	10-33 years
Leasehold improvements	25 years or the lease term, whichever is shorter
Plant and equipment	10-16 years
Furniture and fixtures	4-10 years
Computers and software	4-10 years
Motor vehicle	4-10 years

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of income when the asset is derecognised.

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.

#### **K) Capital Work in Progress**

Capital work in progress represent all costs directly or indirectly attributable to projects in progress and are capitalized as property, plant and equipment when such projects are completed. Work in progress is not depreciated.

#### **L) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **1) *Right-of-use assets***

The Group recognizes a right-of-use asset from a lease contract at the commencement date of the lease (which is the date that the underlying asset is made available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liability. The cost of the right-of-use asset includes the amount of lease liability recognized, any initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is shorter.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Please refer to accounting policies under “Impairment of non-financial assets”.

#### **2) *Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date of the lease, the lease liabilities are increased to reflect the interest and decrease the amount when leases payments occur. In addition, the carrying amount of lease liabilities are re-measured if there is an adjustment or change in the lease term or payments (any change in future payments resultant from change in index or rate used to determine such payments) or change in assessment of purchase option of underlying asset.

#### **3) *Short-term leases and leases of low-value assets***

The Group applies the recognition exception for short-term leases to its short-term leases (the lease term is 12 months or less from the commencement date and does not include a purchase option). It also applies the recognition exception for leases of low-value assets to its leases that are considered to be of low value. Lease payments, whether for short-term leases or for low-value assets, are recognized as an expense on a straight-line basis over the term of the lease.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **M) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of specific assets. Borrowing costs are credited to the consolidated statement of income. Borrowing costs represent commission costs and other costs incurred by the entity in related with the borrowing funds.

#### **N) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired as result of business combination is considered the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets generated inside the entity (except for the capitalised development costs) are not capitalised and stated in the consolidated statement of income for the year in which it occurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of income under expenses in line with the function of the intangible asset.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognised.

#### **O) 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.

##### **1) Financial Assets**

###### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through consolidated profit or loss.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **O) Financial Instruments**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. As mentioned in the accounting policies in section (E) "Revenues from contracts with customers".

In order for a financial asset of any debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not within SPPI are classified and measured at fair value through the consolidated comprehensive income statement regardless of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are maintained through the other comprehensive income within the business model for the purpose of holding the financial assets to collect contractual cash flows from and sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss.

#### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other receivables.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to consolidated statement of comprehensive income.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried out and net changes in the fair value is recognized profit or loss.

Dividends from investments in listed stocks are recognized as other income in the consolidated statement of comprehensive income when the right to pay is established.

#### **Derecognition**

A financial asset (a part of a financial asset or part of a group of similar financial assets) is primarily derecognized 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 Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, when it has neither transferred nor retained substantially all of the risks

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the asset to the extent of its continuing involvement. In that case, the Group also recognises an

associated liability. The associated liability and transferred asset are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the consolidated statement of comprehensive income. The ECLs are based on the difference between the contractual cash flows payable in accordance with the contract and all the cash flows that the Group expects to receive, discounted by approximately the original EIR. The cash flows include the expected cash flows from sale of collaterals held or other credit enhancements which are considered an integral part of the contractual conditions.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises 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.

For debt instruments at fair value through OCI, the Group applies a simplified approach for low credit risks. As at the reporting date, the Group assessed whether the debt instruments include low credit risks by using all reasonable and supporting information available with no additional cost or effort. When the Group assess, the Group re-assess the internal credit classification of the debt instruments. In addition, the Group considers that there is a significant increase in the credit risks when the contractual payments due for more than 30 days as of its maturity date.

The Group considers a financial asset in default when contractual payments are 90 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.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **2) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income, as loans, borrowings, payables, derivatives designated as effective hedging instruments, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, accruals, Islamic Murabaha contracts; including overdraft facilities and derivatives.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below. Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. The financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income if and only if they satisfy the requirements of IFRS 9.

##### **Financial liabilities at amortized cost (loans and borrowings)**

The is the most relevant category to the Group. After initial recognition, commission-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income liabilities are de-recognized as well as through amortization process using EIR. The amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

##### **Derecognition**

Financial liabilities are 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 replacement or modification is treated as the derecognition of the original liabilities and the recognition of new liabilities. The difference in the respective carrying amount is recognized in the consolidated statement of comprehensive income.

#### **3) Offsetting of financial instruments**

Financial assets and liabilities are offset with the net amount represented in the consolidated

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

statement of financial position only, if there is a legal right to offset the recognized amounts, and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **4) Derivative financial instruments**

The Group uses derivative instruments, such as interest rate swaps.

Such derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

#### **P) Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is determined as follows:

Raw materials and spare parts	Purchase cost on weighted average basis
Work in progress and finished goods	Cost of direct materials, labor and a proportion of overheads based on the normal activity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

The Group assesses, at each date of preparing consolidated financial statements, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of selling the asset or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate future cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount as it impaired. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-zakat / tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of selling, similar market transactions are taken into account- if available or an appropriate valuation model is used. These

## **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **Q) Impairment of non-financial assets (continued)**

calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

To cover longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations including inventories are recognized in the consolidated statement of income in expense category consistent with the function of the impaired assets.

For all assets, excluding goodwill, an assessment is made at the date of each statement of consolidated financial position 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 asset 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. Such reversal is recognized in the consolidated statement of comprehensive income.

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. Such reversal is recognized in the consolidated statement of income.

#### ***Intangible assets***

Intangible assets with indefinite useful lives are tested for impairment annually on 31 December, either individually or at the cash-generating unit level if appropriate and when the conditions indicate the impairment of the carrying amount

Impairment is determined by assessing the recoverable amount for each cash generating unit (or a group of units) related to goodwill. In case the recoverable amount of the cash generating unit become lower than the carrying amount, impairment is recognized and goodwill impairment cannot be reversed.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **R) Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances, cash on hand, term deposit convertible to cash and mature in a period less or more than 3 months and not subject for value changes, if any.

For purpose of preparing the consolidated statement of cash flows, cash and cash equivalents consist of cash balances, cash in hand, short term deposits which were previously mentioned net of overdraft as they are considered as a part of the Group's cash management.

#### **S) Trade accounts receivable**

Trade accounts receivable are stated at original invoice amount net of impairment losses.

Impairment losses are measured as the difference between the carrying amount of trade account receivable and the present value of the expected future cash flows. Such impairment losses are recognized in the consolidated statement of income. Reversal of impairment losses are recognized in the period at which they occur.

#### **T) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

#### **U) Employees' defined benefits liabilities**

The Group operates a defined benefit pension plan for its employees as per Saudi labour law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net returns on the net defined benefit liability, and the return on plan assets (excluding amounts included in net returns on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated income statement in subsequent periods.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **U) Employees' defined benefits liabilities (Continued)**

Past service costs are recognized in consolidated statement of income either on:

- The date of the plan amendment or curtailment, and
  - The date that the Group recognises related restructuring costs
- Net commission is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administrative expenses' and 'selling and distribution expenses' in the consolidated statement of income (by function):
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
  - Net finance cost or income.

#### **V) Finance**

Finance is initially recognized in the amounts received and classified under amounts due within one year under current liabilities, unless the Company has the right to delay the repayment of the financing for a period exceeding one year after the date of the budget. Then, the loan balance is presented under long-term liabilities.

After initial recognition, financing is measured on amortization cost basis by effective return rate method. Gains and losses resulting from derecognition of liabilities plus amortization method in effective return rate method are recognized in the consolidated statement of income.

Amortization cost is calculated by taking into account any discount or premium at the purchase time as well as fees and costs which are part of effective return rate. Amortization is recognized in effective return rate under financing costs in the consolidated statement of income.

#### **W) Non-current Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale when the sale is highly probable, and the asset is available for immediate sale. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the statement of profit or loss.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**X) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to gains and losses that are different from those of other segments. The risks and benefits of each sector differ from the other. Since the Group carries out part of its activities outside the Kingdom of Saudi Arabia, the Group reports under geographical segment.

**Y) Group's Information**

Below are details of the Group's subsidiaries:

Subsidiaries	Country of incorporation	Holding percentage	
		31 December 2025	31 December 2024
Aseer Al Arabiah for Industrial Investment Company Limited (Single owner Company LLC) and subsidiaries (see notes 1 below)	Kingdom of Saudi Arabia	100%	100%
Al Khawatem for Trading and Contracting Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	100%	100%
Al Mawajed International for Real Estate Development Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	100%	100%
Fast Delivery Company for Logistics Services (Single owner Company LLC) - (Note C below)	Kingdom of Saudi Arabia	-	100%

1- Following are the subsidiaries included in the consolidated financial statements of Aseer Al Arabiah for Industrial Investment Company Limited (a subsidiary of the Parent Company):

Subsidiary	Activity	Country of incorporation	Holding percentage	
			31 December 2025	31 December 2024
Halawani Brothers Company (a Saudi Joint Stock Company) (see note 2 below) *	Manufacturing, packaging, wholesale and retail trade of food products	Kingdom of Saudi Arabia	54.76%	55.51%
Al Rabie Saudi Foods Company (a Saudi Closed Joint Stock Company) **	Manufacturing of dairy, dairy products, juices, drinks	Kingdom of Saudi Arabia	58.03%	57.30%
Textile & Readymade Garments Company Limited (Limited Liability Company)	Production of Saudi Thobe and uniforms	Kingdom of Saudi Arabia	62.30%	62.30%

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Y) Group's Information (continued)**

(\*) During the year ended 31 December 2024, the subsidiary decided to distribute in-kind dividends amounting to SAR 20.3 million through transfer of 4.51% from the total shares in "Halwani Brothers Company - Subsidiary" to Sinad Holding Company "Parent Company". This represents the cost of the shares, their share of the goodwill associated with this investment, in addition to, the share from the foreign currency translation of the subsidiary. This transaction did not result in a loss of control over the subsidiary, so it was treated as equity in accordance with the requirements of International Financial Reporting Standards.

(\*\*) During the year ended 31 December 2025, the subsidiary acquired a 0.73% owned by the non-controlling interests in Al Rabie Saudi Foods Company. The new share was recognized at cost and its share of the goodwill associated with this investment. This transaction did not result in a loss of control over the subsidiary, so it was treated as equity in accordance with the requirements of International Financial Reporting Standards.

2- The consolidated financial statements of Halawani Brothers (a Saudi joint stock company) include the following subsidiaries:

Subsidiary	Activity	Country of incorporation	Holding percentage	
			31 December 2025	31 December 2024
Halawani Brothers Company (a Closed Joint Stock Company)	Food manufacturing, packaging and trading	Egypt	100%	100%
Foodco company (Limited)***	Investment	Cayman	100%	-
Halijpt Company (Limited) ***	Investment	Cayman	100%	-

\*\*\* Neither company has been operational yet.

C) On 29 September 2025, the Company's Board of Directors approved the divestment plan from Fast Delivery Company for Logistics Services (Single owner Company LLC). On 25 December 2025, the Company signed an agreement to sell its entire shares in the subsidiary. Under this agreement, ownership of the Company, including all its assets and liabilities, was transferred to the buyer with a total sale price of SAR 1, as stipulated in the sale agreement. Consequently, Fast Delivery Company for Logistics Services Company's financial results were classified as discontinued operations. For the year ended 31 December 2025, losses from discontinued operations amounting to SAR 6.5 million were recognized, in addition to a gain of SAR 834K resulting from the sale.

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**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES  
INFORMATION (CONTINUED)**

**2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Y) Group's Information (continued)**

The following are the financial information of Fast Delivery Company for Logistics Services (Single owner Company LLC) as of 25 December 2025:

**- Statement of financial position:**

	<u>As of 25 December 2025</u>	<u>As of 31 December 2024</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	491,504	988,937
Right of use assets	4,558,344	7,837,169
<b>TOTAL NON-CURRENT ASSETS</b>	<u>5,049,848</u>	<u>8,826,106</u>
<b>CURRENT ASSETS</b>		
Trade receivables, prepaid expenses and other current assets	3,526,733	4,719,588
Cash and cash equivalent	133,151	3,029,523
<b>TOTAL CURRENT ASSETS</b>	<u>3,659,884</u>	<u>7,749,111</u>
<b>TOTAL ASSETS</b>	<u>8,709,732</u>	<u>16,575,217</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Capital	2,000,000	2,000,000
Accumulated losses	(6,581,489)	-
Additional Capital Contribution	3,747,173	1,712,769
<b>TOTAL EQUITY</b>	<u>(834,316)</u>	<u>3,712,769</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liability	2,962,427	4,303,724
Employee's benefits liabilities	258,438	187,006
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>3,220,865</u>	<u>4,490,730</u>
<b>CURRENT LIABILITIES</b>		
Payables and other current liabilities	3,480,217	4,046,128
Current portion of lease liability	2,162,966	3,885,590
Zakat payable	680,000	440,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,323,183</u>	<u>8,371,718</u>
<b>TOTAL LIABILITIES</b>	<u>9,544,048</u>	<u>12,862,448</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>8,709,732</u>	<u>16,575,217</u>

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES**

**SINAD HOLDING COMPANY**  
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**INFORMATION (CONTINUED)**

**2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Y) Group's Information (continued)**

**- Statement of income:**

	<b>25 December 2025</b>	31 December 2024
Revenue from contracts with customers	<b>14,186,609</b>	10,614,095
Cost of revenue	<b>(17,649,678)</b>	(18,292,169)
<b>GROSS LOSS</b>	<b>(3,463,069)</b>	(7,678,074)
Selling and distribution expenses	<b>(99,238)</b>	(244,740)
General and administrative expenses	<b>(2,316,811)</b>	(2,432,442)
Expected credit loss	<b>(70,773)</b>	(51,391)
<b>NET LOSS FROM OPERATIONS</b>	<b>(5,949,891)</b>	(10,406,647)
Finance charges	<b>(392,570)</b>	(461,647)
Other income	<b>972</b>	-
<b>LOSS BEFORE ZAKAT</b>	<b>(6,341,489)</b>	(10,868,294)
Zakat	<b>(240,000)</b>	(240,000)
<b>NET LOSS FOR THE PERIOD</b>	<b>(6,581,489)</b>	(11,108,294)

**- Statement of cash flows:**

	<b>25 December 2025</b>	31 December 2024
Net cash from operating activities	<b>(683,575)</b>	(4,211,221)
Net cash from investing activities	<b>(1,183,278)</b>	(257,751)
Net cash from financing activities	<b>(3,063,923)</b>	7,139,555
	<b>(4,930,776)</b>	2,670,583

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of preparing the consolidated financial statements. Uncertainty about these assumptions and estimates could result in making material adjustments to the values of asset or liabilities affected in future periods.

**Estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the subsequent fiscal year, are described below. The Group based its assumptions and estimates on parameters available at the date of preparing the consolidated financial statements. 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.

*Estimating variable consideration for returns*

The Group estimates variable considerations to be included in the transaction price for the sale of products with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

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

#### **Estimates (Continued)**

The Group has applied the following provisions that materially affect the determination of the amount and timing of revenue from contracts with customers:

- Determining performance obligations in a transaction of selling goods.
- Determine sales verification dates.
- Determining the method of estimating the variable price and evaluating the restrictions: Some contracts for the sale of goods include the right of return and a commercial discount, and this increases the variable price. In the context of estimating the variable price, the Group should use the expected value method or the most probable amount method based on choosing the best method by which to better forecast the amount of variable price that the Group is entitled to in exchange for the goods.
- The Group decided that the expected value method is the appropriate method to use in estimating the variable price of sales of goods with return rights based on the large number of customer contracts that have the same characteristics. In the context of estimating the variable price of sales of merchandise with a trade discount, the Group decided to use a combination of two methods: the most probable amount method and the expected value method. The chosen method is one that best predicts the amount of the variable price based on the number of quantitative ceilings included in the contract.

#### *Impairment of trade accounts receivable*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

#### *Impairment of inventory*

Inventories are held at the lower of cost and net market value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on the expected net realizable value, which represents the expected selling price minus the estimated costs of completing the sale.

#### *Defined employees benefit plan*

The cost of defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are 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 defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each date of consolidated financial statements.

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

#### **Estimates (Continued)**

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary's increases and pension increases are based on expected future inflation rates for the respective countries.

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

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on some instruments and derivatives in active markets, their fair value is determined using valuation techniques including the pricing models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgment includes consideration of inputs such as liquidity, credit, and price fluctuation risks. Changes in assumptions related to these factors may affect the reported fair value of financial instruments.

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

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives are different from the previous estimates.

#### *Intangible assets*

Costs with long-term benefits are classified as intangible assets. They are amortized over the estimated period of use. The carrying amount of intangible assets are reviewed when there are indications or changes in circumstances referring to the inability of recovering the carrying amount. In case such evidence exists and the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount representing the present value. The increase in the carrying amount over the estimated recoverable amount is carried at the consolidated statement of income.

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

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales of long-term transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

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

#### **Estimates (Continued)**

##### *Impairment of non-financial assets (Continued)*

The cash flows are derived from the estimated budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is based on the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### *Taxes*

Uncertainties exist with respect to the interpretation of compound tax regulations, amount, and timing of taxable income in future. Given the wide range of international business relations, long-term nature, present structured contractual agreements and differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to income tax and expenses already recorded. Provisions, based on reasonable estimates, are recorded for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's domicile. Contingent liabilities are not recognized when the Group assesses the ability to start proceedings of litigation and the existence of cash flows for deferred funds.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgement by management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### **Judgments**

##### *Satisfaction of performance obligations*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, the Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

##### *Component parts of property, plant and equipment*

The Group's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to mother asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

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

#### **Judgments (continued)**

##### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset)

##### *Leases - 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 a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. For example, credit rating for the subsidiary.

##### *Swap agreement*

The management has analyzed the requirements of hedge accounting qualification criteria and identified that although the swap may be designated as an eligible hedging instrument. Based on the agreement, the Company does not have any eligible hedged item, with which contain an economic relationship that can be established e.g. designating a floating rate asset as a potential eligible hedged item. Given that the hedge accounting cannot be achieved, an accounting analysis has been prepared for the recognition of the Swap in financial statements as per IFRS 9. The accounting analysis prepared by management concluded that the Swap agreement is falls within the definition of derivative as:

- its value changes in response to the changes in the specified interest rate;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- it will be settled at a future date as per periodic maturity dates.

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

#### **Judgments (continued)**

Unless the derivative is a financial guarantee contract or a designated and effective hedging instrument, derivatives are deemed to be a held for trading instrument and are measured at fair value through profit or loss. Additionally at initial recognition, the Group shall measure a financial asset or financial liability at its fair value.

### **4. SEGMENTAL INFORMATION**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), and its profits and losses are different from other segments.

The Group uses business segment and geographical segment. The Group performs its activities in Kingdom of Saudi Arabia and Republic of Egypt and other countries. The selected financial information for geographical and business segments as at 31 December 2025 and 31 December 2024 as the following:

#### **A) Business Segments**

The Group's business segments are represented in the investment and industrial segments. Following is selected information about each of those two segments:

	<i>Investment segment SR'000</i>	<i>Industrial segment SR'000</i>	<i>Total SR'000</i>
<b>31 December 2025</b>			
Total assets	826,394	1,485,881	2,312,275
Total liabilities and non-controlling interests	254,664	1,026,708	1,281,372
Net revenues and investment income	(16,899)	1,694,380	1,677,481
Gross Profit	(16,899)	498,566	481,667
Depreciation	1,578	66,551	68,129
Property, plant and equipment and projects under construction	694	612,854	613,548
Capital expenses	168	55,737	55,905
	<i>Investment segment SR'000</i>	<i>Industrial segment SR'000</i>	<i>Total SR'000</i>
<b>31 December 2024</b>			
Total assets	902,432	1,580,128	2,482,560
Total liabilities and non-controlling interests	281,718	1,122,403	1,404,121
Net revenues and investment income	13,037	1,743,375	1,756,412
Gross Profit	12,617	522,274	534,891
Depreciation	1,632	67,770	69,402
Property, plant and equipment and projects under construction	2,250	614,508	616,758
Capital expenses	78	32,294	32,372

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**4. SEGMENTAL INFORMATION (CONTINUED)**

**B) Geographical segments**

<i>31 December 2025</i>	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Eliminations</i>	<i>Total</i>
<u>Description</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>
Revenue from contracts with customers	1,057,644	392,782	245,766	(1,811)	1,694,381
Total assets	2,193,448	169,284	-	(50,457)	2,312,275
Total liabilities	861,312	122,240	-	(3,412)	980,140
<i>31 December 2024</i>	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Eliminations</i>	<i>Total</i>
<u>Description</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>
Revenue from contracts with customers	1,048,153	416,028	280,849	(1,655)	1,743,375
Total assets	2,351,769	198,287	-	(67,496)	2,482,560
Total liabilities	1,000,129	133,337	-	(2,546)	1,130,920

**5. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Below is the classification of the Group's revenue from contracts with customers as per the various classifications affected by the nature of economic factors, amount and the timing of sales:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Food and milk products	903,865,726	969,055,854
Drinks and beverages	790,514,806	774,318,904
Total	<u>1,694,380,532</u>	<u>1,743,374,758</u>

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**6. COST OF REVENUE**

	<i>31 December</i> <b>2025</b>	<i>31 December</i> <b>2024</b>
Raw material cost	<b>957,896,027</b>	988,030,935
Salaries, wages and benefits	<b>95,661,011</b>	93,442,048
Depreciation of property, plant and equipment (Note 12)	<b>46,697,083</b>	47,879,871
Maintenance and spare parts expenses	<b>40,177,059</b>	40,643,776
Fuel and energy	<b>15,680,979</b>	15,403,193
Depreciation of right-of-use assets (Note 15)	<b>2,371,954</b>	2,185,181
Vehicles expenses	<b>6,195,498</b>	3,795,003
Rent refrigerators and stores	<b>4,232,128</b>	3,106,236
Transportation and shipping	<b>3,681,942</b>	2,998,105
Cleaning and utilities	<b>2,106,634</b>	2,447,903
Impairment of property, plant and equipment (Note 12)	<b>2,131,054</b>	1,964,958
Insurance expenses	<b>1,455,826</b>	1,562,016
Other	<b>17,526,953</b>	18,061,761
	<b><u>1,195,814,148</u></b>	<b><u>1,221,520,986</u></b>

**7. SELLING AND DISTRIBUTION EXPENSES**

	<i>31 December</i> <b>2025</b>	<i>31 December</i> <b>2024</b>
Salaries, wages and benefits	<b>115,548,932</b>	117,626,065
Sales activation and marketing expenses	<b>21,263,771</b>	24,771,806
Transportation and shipping	<b>33,042,741</b>	30,628,221
Distribution commissions	<b>19,620,917</b>	19,113,723
Promotion expenses	<b>21,921,452</b>	17,982,777
Vehicle's rental	<b>13,171,493</b>	12,863,494
Car expenses	<b>8,994,402</b>	8,672,753
Depreciation of right of use assets (note 15)	<b>7,450,895</b>	6,929,456
Depreciation of property, plant and equipment (note 12)	<b>5,465,190</b>	5,225,953
Insurance	<b>2,660,130</b>	2,661,295
Stationery and office Supplies	<b>2,022,965</b>	2,216,713
Amortization of intangible assets (note 14)	<b>71,790</b>	263,260
Other	<b>19,480,436</b>	18,083,369
	<b><u>270,715,114</u></b>	<b><u>267,038,885</u></b>

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**8. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Salaries, wages and benefits	89,586,474	87,290,947
Board of directors and related committee meeting bonuses and allowances	8,117,877	11,028,744
Stationery and branches expense	8,528,257	8,224,165
Consultancy expenses and professional fees	8,284,567	7,889,942
Depreciation of property, plant and equipment (note 12)	4,183,209	5,124,453
Government expenses	4,813,536	4,287,660
Bank charges	2,326,418	3,542,580
Maintenance	3,601,520	3,231,273
Travel and transportation expenses	1,612,402	2,336,895
Depreciation of right of use assets (note 15)	1,678,859	1,598,534
Insurance	974,694	1,255,522
Postal and telephone	934,250	593,610
Amortization of intangible assets (note 14)	210,468	194,800
Other	12,699,674	11,517,285
	<u>147,552,205</u>	<u>148,116,410</u>

**9. FINANCE COSTS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Murabaha and loan finance charges, net	49,593,672	54,283,598
Interest on lease liabilities (note 15 B)	3,224,948	2,519,708
Other finance charges	1,209,500	1,403,125
	<u>54,028,120</u>	<u>58,206,431</u>

**10. ZAKAT AND INCOME TAX**

Provision for zakat and income tax payable consists of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Zakat (note "A" below)	25,551,244	42,037,652
Income tax (note "B" below)	3,937,099	6,732,145
	<u>29,488,343</u>	<u>48,769,797</u>

**A) Zakat**

1) Movement in Zakat on the Group was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	42,037,652	53,526,409
Provided during the year	8,616,434	11,162,842
Transferred from Payables and other current liabilities	-	500,000
Adjustments	(805,000)	(484,412)
Paid during the year	(23,857,842)	(22,667,187)
Disposals related to the discontinued operations	(440,000)	-
Balance at the end of the year	<u>25,551,244</u>	<u>42,037,652</u>

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**10. ZAKAT AND INCOME TAX (CONTINUED)**

2) Zakat charged to the consolidated statement of income:

	<i>31 December</i> <b>2025</b>	<i>31 December</i> 2024
Provided during the year	<b>8,616,434</b>	10,922,842
Adjustments	<b>(805,000)</b>	(484,412)
Zakat charge for the year	<b>7,811,434</b>	10,438,430

3) **Zakat status**

**Sinad Holding Company - Parent Company**

- Zakat, Tax, and Customs Authority (ZATCA) issued Zakat assessments for the years ended 31 December 2009, to 2018, amounting to SAR 50,861,245. The company accepted the assessment and requested an installment plan, which was approved for payment over 36 monthly installments. As of the year ended 31 December 2025, SAR 40,688,972 has been paid, with a remaining balance of SAR 10,172,273. The company's Zakat position will be fully settled upon completion of these payments.
- ZATCA issued 2021 Zakat assessment, requiring an additional zakat payment of SAR 506,460. The company accepted the assessment and settled the additional Zakat, with no further obligations.
- ZATCA issued 2022 Zakat assessment, requiring an additional payment of SAR 90,151. The company accepted the assessment and settled the additional Zakat, with no further obligations. ZATCA also issued 2023 Zakat assessment, requiring an additional payment of SAR 3,746,198. The company accepted the assessment and requested an installment plan, which was approved, an amount of SAR 3,434,013 has been paid, with a remaining balance of SAR 312,183. The Company's Zakat position will be fully settled upon completion of the remaining installment payments
- ZATCA examined the Zakat return for the year ended 31 December 2024, and did not claim any additional liabilities for the year. Accordingly, the company's Zakat position for this year is considered settled.
- The consolidated Zakat return for the year ended 31 December 2025, is in the process of being submitted.

**Below is the zakat status for the subsidiaries:**

**Al Khawatem for Trading and Contracting Company Limited – Subsidiary**

- The Company submitted standalone Zakat returns up to the year 2012, and there are no outstanding Zakat liabilities for these periods.
- For the years 2013 to 2024, a consolidated Zakat return was submitted for Sinad Holding and its subsidiaries, including Al Khawatem for Trading and Contracting Company Limited, and the Zakat certificate was obtained.

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**3) Zakat status (continued)**

**Al Mawajed International for Real Estate Development Company Limited – Subsidiary**

- The Company submitted standalone Zakat returns up to the year 2012, and there are no outstanding Zakat liabilities for these periods.
- For the years 2013 to 2024, a consolidated Zakat return was submitted for Sinad Holding and its subsidiaries, including Al Mawajed International for Real Estate Development Company Limited. and the zakat certificate was obtained.

**Aseer Al Arabiah for Industrial Investment Company Limited – Subsidiary**

- The Company submitted standalone Zakat returns up to the year 2012, and there are no outstanding Zakat liabilities for these periods.
- For the years 2013 to 2024, a consolidated Zakat return was submitted for Sinad Holding and its subsidiaries, including Aseer Al Arabiah for Industrial Investment Company Limited, and the consolidated Zakat return has been examined and the Company's Zakat position has been finalized up to the year ended 31 December 2024.

**Halwani Brothers Company, KSA – subsidiary**

**1. Zakat status**

- The Company finalized its zakat status up to 31 December 2023.
- The Company submitted its Zakat declaration for the year 2024 and received a Zakat certificate.

**2. Value added Tax**

- The Company's books and records were inspected until 2024, and the tax due was paid.
- For the year 2025, the company is settling its dues based on the filed returns within the statutory deadlines.

**Al Rabie Saudi Foods Company - KSA – subsidiary**

**1) Zakat status**

- The position of the years from the start of activity until the year 2016 before the Zakat, Tax and Customs Authority has been terminated.
- No correspondence or claims were issued by the Zakat, Tax and Customs Authority for the years from 2017 to 2018.
- The Zakat, Tax and Customs Authority conducted an inspection for the years 2019, 2020 and 2021, but the Zakat, Tax and Customs Authority has not issued any final assessment to date.
- The Company submitted the Zakat declaration for mentioned years and obtained Zakat certificates for the mentioned years, and no correspondence or claims were issued by the Zakat, Tax and Customs Authority for the mentioned years.

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**3) Zakat status (continued)**

**Al Rabie Saudi Foods Company - KSA – subsidiary (continued)**

**2) VAT status**

- VAT return submitted and paid till December 2025.
- No correspondence or claims have been issued by the Zakat, Tax and Customs Authority for the years 2020 to 2025.
- The Company has submitted a VAT refund claim to ZATCA amounting to SAR 16,9 million covering the period from 2020 through October 2025. The VAT credit balance primarily arose from overpaid VAT, including VAT accounted for on free goods provided as part of promotional campaigns.
- In accordance with ZATCA’s guidance, the VAT return for November 2025 was amended, resulting in a net refund claim of SAR 9,9 million, after offsetting the VAT payable for November 2025. As of the reporting date, the amended VAT return remains under review by ZATCA. Accordingly, the realization of the VAT credit remains subject to ZATCA’s review and approval, and no assurance can be provided at this stage as to whether the refund claim will be accepted in full or in part until the inspection process is finalized.

**3) Excise Tax status**

- Excise Tax return submitted and paid till December 2025.
- No correspondence or claims have been issued by the Zakat, Tax and Customs Authority for the years 2023 to 2025.

**4) Withholding Tax status**

- The withholding tax submitted and paid till December 2025.
- No correspondence or claims have been issued by the Zakat, Tax, and Customs Authority regarding the withholding tax.

**Textile & Readymade Garments Company, KSA – subsidiary**

- The Company filed zakat declarations for the year 2024 and obtained a zakat certificate for that.

**B) Income Tax**

The Group calculates income tax using tax base applicable to expected total annual profits

1) Movement in income tax was as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<u>6,732,145</u>	<u>14,906,214</u>
Income tax during the year	7,432,932	10,610,491
Paid during the year	(7,177,699)	(14,922,502)
Translation differences	(3,050,279)	(3,862,058)
Balance at the end of the year	<u><u>3,937,099</u></u>	<u><u>6,732,145</u></u>

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**10. ZAKAT AND INCOME TAX (CONTINUED)**

**B) Income Tax (continued)**

And The balance of deferred tax liabilities was as follows:

	<b>31 December 2025</b>	31 December 2024
Deferred tax liabilities	<b>(1,109,619)</b>	(1,006,018)
Deferred tax liabilities on undistributed dividends	<b>1,758,400</b>	2,468,060
At the end of the year (assets) / liability	<b>648,781</b>	1,462,042

2) Movement in deferred income tax is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>1,462,042</b>	(1,038,490)
Change during the year	<b>1,106,503</b>	1,776,817
Translation differences	<b>(65,695)</b>	723,715
Other adjustments	<b>(1,854,069)</b>	-
At the end of the year liability	<b>648,781</b>	1,462,042

3) Income tax charged to consolidated statement of income

	<b>31 December 2025</b>	31 December 2024
Change in deferred tax liability	<b>1,106,503</b>	4,762,337
Income tax for the year	<b>7,432,932</b>	10,610,491
	<b>8,539,435</b>	15,372,828

**4) Tax Status**

**Tax status for Halwani Brothers Company, Egypt – subsidiary**

**1- Corporate income tax**

- The Company is exempted from taxes according to Law 8 of 1997 (Investment Guarantees) until 31 December 2005.
- The Company's books were inspected until 2019, and the company paid the differences accrued tax.
- Tax returns have been submitted and the due taxes have been paid for the years 2020, 2021, and 2022. The company's books and records are currently under examination, and no tax assessments have been issued for these years.
- Tax returns have been submitted and the due taxes have been paid for the years 2023 and 2024, and the Company has not yet been notified of any tax examination for these years.

**2- Value Added Tax**

- The Company's books and records were inspected until 2022, and the tax due was paid.
- Monthly tax returns for the years 2023, 2024, and 2025 have been submitted and the due taxes have been paid within the statutory deadlines. The company has not been notified of any tax examination for these years.

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**B) Income Tax (continued)**

**4) Tax Status (continued)**

**Tax status for Halwani Brothers Company, Egypt – subsidiary (continued)**

**3- Payroll tax**

- The books and records of the Subsidiary Company until 2022 were inspected, and the tax due was paid.
- For the years 2023, 2024, and 2025, the company has been submitting the monthly tax returns and the annual tax reconciliations and has paid the due taxes within the statutory deadlines. The company has not been notified of any tax examination for these years.

**4- Stamp duty**

- The books and records of the Subsidiary Company up to the year 2022 were inspected, and the tax due was paid.
- For the years 2023, 2024, and 2025, the company has been submitting the monthly tax returns and the annual tax reconciliations and has paid the due taxes within the statutory deadlines. The company has not been notified of any tax examination for these years.

**5- Withholding tax (Discount and addition)**

- The company's books and records were inspected until the year 2022, and the tax due was paid.
- For the years 2023, 2024, and 2025, the company has been submitting the quarterly tax filings and paying the due taxes within the statutory deadlines. The company has not been notified of any tax examination for these years.

**6- Real estate taxes**

- Accounting has been completed and the dues have been paid until 2021, and there are no financial dues from the company. There is an exemption for the years from 2022 until 2026, and there are no dues from the Company.

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**11. (LOSS) / EARNINGS PER SHARE**

Basic and diluted (loss) / earnings per share from net loss for the year is calculated by dividing the net (loss) / earnings for the year attributed to shareholders of the Parent Company by the number of ordinary outstanding shares during the year amounted to 126,388,889 shares.

The table below reflects the net (loss) / earnings for the year attributed to shareholders of the parent Company and the number of shares used in calculating basic and diluted loss per share:

	<b>31 December 2025</b>	31 December 2024
Net (loss) / profits for the year attributable to the shareholders of the Parent Company from continuing operations	<b>(9,066,428)</b>	7,233,555
Net loss for the year attributable to the shareholders of the Parent Company from discontinued operations	<b>(5,747,173)</b>	(11,108,294)
Net loss for the year attributable to the shareholders	<b>(14,813,601)</b>	(3,874,739)
Weighted average number of outstanding ordinary shares	<b>126,388,889</b>	126,388,889
Basic and diluted (losses) / earnings per share attributable to the Parent Company's shareholders from continuing operations	<b>(0.07)</b>	0.06
Basic and diluted losses per share attributable to the Parent Company's shareholders from discontinued operations	<b>(0.05)</b>	(0.09)
Basic and diluted losses per share attributable to the Parent Company's shareholders from net loss for the year	<b>(0.12)</b>	(0.03)

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**12. PROPERTY, PLANT AND EQUIPMENT**

	<i>Land</i>	<i>Buildings</i>	<i>Machines, equipment and tools</i>	<i>Furniture and fixtures</i>	<i>Computers and software</i>	<i>Motor vehicles</i>	<i>Lease hold improvement</i>	<i>Capital works in progress</i>	<i>Total 2025</i>
<b>For the year 2025</b>									
<b>Cost:</b>									
At the beginning of the year	36,973,645	457,966,423	856,810,761	121,186,274	5,991,732	87,404,941	2,156,225	10,118,679	1,578,608,680
Additions	-	58,800	798,998	245,240	-	3,293,940	-	51,508,456	55,905,434
Disposals	-	(2,304,008)	(5,858,772)	(814,313)	(229,334)	(14,926,356)	-	-	(24,132,783)
Transfers	-	4,691,243	19,524,133	2,920,520	380,822	27,493	-	(27,544,211)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(70,937)	(70,937)
Translation differences	102,633	733,073	2,119,635	61,508	117,828	388,427	-	211,570	3,734,674
Disposals related to discontinued operations	-	-	(213,745)	(216,681)	(345,224)	(852,751)	-	-	(1,628,401)
	<u>37,076,278</u>	<u>461,145,531</u>	<u>873,181,010</u>	<u>123,382,548</u>	<u>5,915,824</u>	<u>75,335,694</u>	<u>2,156,225</u>	<u>34,223,557</u>	<u>1,612,416,667</u>
<b>Depreciation:</b>									
At the beginning of the year	-	176,225,213	602,586,923	112,076,803	4,583,282	64,860,959	1,517,815	-	961,850,995
Charge for the year	-	14,147,227	35,141,013	2,848,043	604,599	3,245,229	359,371	-	56,345,482
Disposals	-	(1,759,810)	(5,060,140)	(727,723)	(226,431)	(14,863,699)	-	-	(22,637,803)
Reclassification	-	3,771,701	(3,335,295)	(430,170)	-	(6,236)	-	-	-
Impairment during the year	-	-	2,120,944	-	10,110	-	-	-	2,131,054
Translation differences	-	328,649	1,024,450	27,313	97,904	340,102	-	-	1,818,418
Disposals related to discontinued operations	-	-	(100,407)	(108,344)	(142,214)	(288,499)	-	-	(639,464)
	-	<u>192,712,980</u>	<u>632,377,488</u>	<u>113,685,922</u>	<u>4,927,250</u>	<u>53,287,856</u>	<u>1,877,186</u>	-	<u>998,868,682</u>
<b>Net book amount:</b>									
<b>At 31 December 2025</b>	<u>37,076,278</u>	<u>268,432,551</u>	<u>240,803,522</u>	<u>9,696,626</u>	<u>988,574</u>	<u>22,047,838</u>	<u>279,039</u>	<u>34,223,557</u>	<u>613,547,985</u>

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**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<i>Land</i>	<i>Buildings</i>	<i>Machines, equipment and tools</i>	<i>Furniture and fixtures</i>	<i>Computers and software</i>	<i>Motor vehicles</i>	<i>Lease hold improvement</i>	<i>Capital works in progress</i>	<i>Total 2024</i>
For the year 2024									
Cost:									
At the beginning of the year	37,998,349	467,999,855	897,414,926	122,978,044	7,003,864	92,700,807	2,156,225	11,884,110	1,640,136,180
Additions	-	220,498	8,008,427	1,804,933	-	5,749,351	-	16,846,613	32,629,822
Disposals	-	(4,559,376)	(42,390,029)	(4,568,117)	(93,744)	(10,928,496)	-	-	(62,539,762)
Transfers	-	954,088	9,974,900	1,520,601	168,511	3,384,511	-	(16,002,611)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(257,220)	(257,220)
Transfer to non-current assets held for sale	-	16,000	43,212	-	1,264	-	-	-	60,476
Translation differences	(1,024,704)	(6,664,642)	(16,240,675)	(549,187)	(1,088,163)	(3,501,232)	-	(2,352,213)	(31,420,816)
	<u>36,973,645</u>	<u>457,966,423</u>	<u>856,810,761</u>	<u>121,186,274</u>	<u>5,991,732</u>	<u>87,404,941</u>	<u>2,156,225</u>	<u>10,118,679</u>	<u>1,578,608,680</u>
Depreciation:									
At the beginning of the year	-	173,299,020	610,814,798	110,606,476	4,711,851	75,549,913	1,158,444	-	976,140,502
Charge for the year	-	14,769,620	35,222,287	4,247,456	858,687	3,113,947	359,371	-	58,571,368
Disposals	-	(8,947,209)	(34,841,592)	(4,525,281)	(82,076)	(10,840,284)	-	-	(59,236,442)
Transfer to non-current assets held for sale	-	1,874	29,121	-	64	-	-	-	31,059
Impairment during the year	-	-	-	1,964,958	-	-	-	-	1,964,958
Translation differences	-	(2,898,092)	(8,637,691)	(216,806)	(905,244)	(2,962,617)	-	-	(15,620,450)
	<u>-</u>	<u>176,225,213</u>	<u>602,586,923</u>	<u>112,076,803</u>	<u>4,583,282</u>	<u>64,860,959</u>	<u>1,517,815</u>	<u>-</u>	<u>961,850,995</u>
Net book amount:									
At 31 December 2024	<u>36,973,645</u>	<u>281,741,210</u>	<u>254,223,838</u>	<u>9,109,471</u>	<u>1,408,450</u>	<u>22,543,982</u>	<u>638,410</u>	<u>10,118,679</u>	<u>616,757,685</u>

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#### **12. PROPERTY, PLANT AND EQUIPMENT (continued)**

1. At 31 December 2025, property, plant and equipment comprise assets fully depreciated in books but still operating with a cost of SR 489.5 million (2024: SR 407.5 million).
2. The industrial complex of the subsidiary Company is constructed on a leased land from Saudi Authority for Industrial Cities and Technology Zones (MODON) under a lease for 25 years started from 16 Sha'ban 1428H (corresponding to: 29 August 2007). The lease is renewable for an additional and similar period based on the two parties' choices.
3. The factory buildings owned by one of the subsidiaries is constructed on leased land from the Riyadh Industrial City Administration under a 24-year lease agreement commencing from 5 Sha'ban 1428H (corresponding to 18 August 2007). The lease agreement is renewable for similar periods under the same conditions or any other conditions agreed upon between the parties, and the assets and liabilities arising from that agreement are classified as right-of-use assets and lease liabilities. Additionally, it includes employee housing buildings owned by one of the subsidiaries constructed on leased land from the Riyadh Industrial City Administration under a nominal rent lease agreement for 20 years starting from 21 Sha'ban 1428H (corresponding to 3 September 2007). The lease agreement is renewable for similar periods under the same conditions or any other conditions agreed upon between the parties, and the assets and liabilities arising from that agreement are classified as right-of-use assets and lease liabilities.
4. The value of the lands includes an amount of SAR 25 million for a plot of land located in Al-Fawzan Industrial City in Riyadh, which was acquired under a title transfer contract dated 6 November 2015. An amount of SAR 18.9 million has been paid, while an amount of SAR 6.1 million is still due (recorded under amounts payable and other credit balances - Note 28). In accordance with the contract, the remaining amount will be paid upon transfer of the title deed, and the procedures for emptying the title deed are underway.

The allocation of depreciation expense is as follows:

	<i>31 December</i> <u>2025</u>	<i>31 December</i> <u>2024</u>
Cost of revenue (note 6)	46,697,083	47,879,871
Selling and distribution expenses (note 7)	5,465,190	5,225,953
General and administrative expenses (note 8)	4,183,209	5,124,453
	<u>56,345,482</u>	<u>58,230,277</u>
Disposals related to discontinued operations	-	341,091
	<u>56,345,482</u>	<u>58,571,368</u>

#### **13. INVESTMENT PROPERTIES**

Investment properties represent the value of lands acquired for long-term investment purpose as follows:

	<b>31 December</b> <u>2025</u>	31 December <u>2024</u>
At the beginning of the year	<u>52,440,203</u>	<u>52,440,203</u>
At the end of the year	<u>52,440,203</u>	<u>52,440,203</u>

Investment properties include lands held for an unspecified future use and their fair value was estimated according to a real estate valuation by an independent, accredited expert using recognized valuation principles and techniques as of 31 December 2025 by SAR 69.8.

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**14. INTANGIBLE ASSETS**

	<b>31 December 2025</b>	31 December 2024
Goodwill (note 14.1 below)	<b>157,005,634</b>	157,005,634
Trademarks and software (note 14.2 below)	<b>1,386,884</b>	2,645,952
Total intangible assets	<b>158,392,518</b>	159,651,586

14.1 The balance of intangible assets represents the goodwill arising from the acquisition of investments in subsidiaries. The Group conducted a study to make sure that there is no impairment in goodwill as at the date of the consolidated financial statements (note 33).

Goodwill is as the following:

	<b>31 December 2025</b>			
	<b>Halawani Brothers Company (KSA)</b>	<b>Al Rabie Saudi Foods Company</b>	<b>Halawani Brothers Company (Egypt)</b>	<b>Total</b>
At the beginning and end of the year	<b>138,561,095</b>	<b>17,288,126</b>	<b>1,156,413</b>	<b>157,005,634</b>
	<b>31 December 2024</b>			
	<b>Halawani Brothers Company (KSA)</b>	<b>Al Rabie Saudi Foods Company</b>	<b>Halawani Brothers Company (Egypt)</b>	<b>Total</b>
At the beginning and end of the year	<b>138,561,095</b>	<b>17,288,126</b>	<b>1,156,413</b>	<b>157,005,634</b>

14.2 Movement in Trademarks and royalty and Software is as follows:

	<b>Software</b>	<b>Trademarks and royalty</b>	<b>Total</b>
<b>Cost:</b>			
As at 1 January 2025	<b>2,387,499</b>	<b>2,049,386</b>	<b>4,436,885</b>
Transfers from PPE	<b>70,937</b>	-	<b>70,937</b>
Disposals during the year	<b>(2,838)</b>	<b>(2,049,386)</b>	<b>(2,052,224)</b>
Translation differences	<b>22,104</b>	-	<b>22,104</b>
As at 31 December 2025	<b>2,477,702</b>	-	<b>2,477,702</b>
<b>Amortization:</b>			
As at 1 January 2025	<b>859,939</b>	<b>930,994</b>	<b>1,790,933</b>
Amortization for the year	<b>217,060</b>	<b>65,198</b>	<b>282,258</b>
Disposals during the year	<b>(2,837)</b>	<b>(996,192)</b>	<b>(999,029)</b>
Translation differences	<b>16,656</b>	-	<b>16,656</b>
As at 31 December 2025	<b>1,090,818</b>	-	<b>1,090,818</b>
<b>Net book value:</b>			
As at 31 December 2025	<b>1,386,884</b>	-	<b>1,386,884</b>

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**14. INTANGIBLE ASSETS (CONTINUED)**

	<u>Software</u>	<u>Trademarks and royalty</u>	<u>Total</u>
Cost:			
As at 1 January 2024	2,379,864	1,820,866	4,200,730
Additions	-	228,520	228,520
Transfers from PPE	257,220	-	257,220
Disposals during the year	(32,596)	-	(32,596)
Translation differences	(216,989)	-	(216,989)
As at 31 December 2024	<u>2,387,499</u>	<u>2,049,386</u>	<u>4,436,885</u>
Amortization:			
As at 1 January 2024	866,593	675,131	1,541,724
Amortization for the year	202,197	255,863	458,060
Disposals during the year	(32,595)	-	(32,595)
Translation differences	(176,256)	-	(176,256)
As at 31 December 2024	<u>859,939</u>	<u>930,994</u>	<u>1,790,933</u>
Net book value:			
As at 31 December 2024	<u><u>1,527,560</u></u>	<u><u>1,118,392</u></u>	<u><u>2,645,952</u></u>

The allocation of amortization expense is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Selling and distribution expenses (note 7)	<b>71,790</b>	263,260
General and administrative expenses (note 8)	<b>210,468</b>	194,800
	<u><b>282,258</b></u>	<u>458,060</u>

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**15. LEASES**

*Group as lessee*

The Group has lease contracts, several leases include extension and termination options and variable payments. No leases have variable payments.

The Group also has certain leases of leased properties with lease terms of 12 months or less of low lease value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The followings are the carrying amounts of right-of-use assets and lease liabilities recognised and their movements during the year:

a) Right-of-use assets are represented as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Cost:</b>		
As at 1 January	105,200,069	89,212,462
Additions and extension to lease contracts during the year	14,514,625	19,235,815
Disposals and adjustments	(671,859)	1,064,696
Translation differences	507,054	(4,312,904)
Disposals related to discontinued operations	(13,516,759)	-
<b>At 31 December</b>	<u>106,033,130</u>	<u>105,200,069</u>
<b>Depreciation:</b>		
As at 1 January	(66,672,931)	(55,388,734)
Depreciation for the year	(11,501,708)	(13,882,051)
Disposals and adjustments	620,040	1,035,804
Translation differences	(243,063)	1,562,050
Disposals related to discontinued operations	5,679,590	-
<b>As at 31 December</b>	<u>(72,118,072)</u>	<u>(66,672,931)</u>
<b>Net book value as at 31 December</b>	<u>33,915,058</u>	<u>38,527,138</u>

b) Lease liabilities as classified in the statement of financial position:

	<u>31 December 2025</u>	<u>31 December 2024</u>
As at 1 January	42,001,412	41,777,295
Additions and extension to lease contracts during the year	14,514,625	19,231,404
Interest expense (Note 9)	3,224,948	2,519,708
Payments	(13,492,014)	(15,007,570)
Disposals and adjustments	331,101	(3,845,892)
Translation differences	319,649	(3,135,180)
Disposals related to discontinued operations	(8,189,314)	461,647
<b>As at 31 December</b>	<u>38,710,407</u>	<u>42,001,412</u>
Less: Current portion	(17,113,135)	(14,154,120)
<b>Non-current portion</b>	<u>21,597,272</u>	<u>27,847,292</u>

The Group recognized the depreciation expense related to right of use assets, as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of revenue (note 6)	2,371,954	2,185,181
Selling and distribution expenses (note 7)	7,450,895	6,929,456
General and administrative expenses (note 8)	1,678,859	1,598,534
	<u>11,501,708</u>	<u>10,713,171</u>
Disposals related to discontinued operations	-	3,168,880
	<u>11,501,708</u>	<u>13,882,051</u>

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**16. INVESTMENTS AND FINANCIAL ASSETS**

	<b>31 December 2025</b>	31 December 2024
Equity instruments at fair value (see note “a” below)	<b>570,547,136</b>	642,027,747
Equity instruments at fair value through statement of income (see note “b” below)	<b>129,764,282</b>	28,775,788
Debt instruments at fair value through statement of income (see note “c” below)	<b>3,026,850</b>	2,924,197
	<b><u>703,338,268</u></b>	<u>673,727,732</u>

**a) Equity instruments at fair value through other comprehensive income**

	<b>Investment in equity instruments</b>		<b>Total</b>	<b>Total</b>
	<b>Quoted</b>	<b>Un-quoted</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Cost:</b>				
At the beginning of the year	<b>382,606,512</b>	<b>345,180,972</b>	<b>727,787,484</b>	735,780,972
Transfers	<b>133,719,164</b>	<b>(133,719,164)</b>	-	-
Disposals	<b>(27,006,512)</b>	<b>(5,000,000)</b>	<b>(32,006,512)</b>	(7,993,488)
At the end of the year	<b>489,319,164</b>	<b>206,461,808</b>	<b>695,780,972</b>	727,787,484
<b>Net (losses) / gains from revaluation of investments and financial assets:</b>				
At the beginning of the year	<b>(37,404,930)</b>	<b>(48,354,807)</b>	<b>(85,759,737)</b>	(104,148,807)
Revaluation (loss) / gain	<b>(52,310,180)</b>	<b>20,820,345</b>	<b>(31,489,835)</b>	21,276,273
Transferred to retained earnings	<b>(7,984,264)</b>	-	<b>(7,984,264)</b>	(2,887,203)
At the end of the year	<b>(97,699,374)</b>	<b>(27,534,462)</b>	<b>(125,233,836)</b>	(85,759,737)
<b>Net book value</b>	<b><u>391,619,790</u></b>	<b><u>178,927,346</u></b>	<b><u>570,547,136</u></b>	<u>642,027,747</u>

Investments in equity instruments include the following:

- The Group own investment in Emaar the Economic City amounted to SAR 162 million as of 31 December 2025 (31 December 2024: SAR 307 million). The Group is required to obtain the approval of the Economic Cities Authority before disposing of the shares it owns.
- During the year ended 31 December 2025, the group sold part of one of its quoted investments, and consequently, the revaluation reserve related to the investment, amounting to SAR 7,984,264, was transferred to retained earnings
- During the year ended 31 December 2025, one of the Group's investee Company, was offered for public subscription in the Saudi Capital Market (Tadawul), and as a result, the group classified the investment as part of quoted investments and revalued the investment at the announced price.

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**16. INVESTMENTS AND FINANCIAL ASSETS (CONTINUE)**

**b) Equity instruments at fair value through statement of income**

	<b>31 December 2025</b>	31 December 2024
Balance as at the beginning of the year	<b>28,775,788</b>	15,015,071
Additions	<b>117,104,996</b>	9,320,417
Revaluation (loss) / gain	<b>(16,116,502)</b>	4,440,300
Balance as at the end of the year	<b>129,764,282</b>	28,775,788

**c) Debt instruments at fair value through statement of income**

	<b>31 December 2025</b>	31 December 2024
Balance as at the beginning of the year	<b>2,924,197</b>	2,655,260
Gain from revaluation of debt instruments at fair value through statement of income	<b>102,653</b>	268,937
Balance as at the end of the year	<b>3,026,850</b>	2,924,197

**d) Dividends income from investments and financial assets**

- During the year ended 31 December 2025, the Group received dividends from the above-mentioned investments by an amount of SAR 1,332,119 (31 December 2024: SAR 1,695,105).

**17. INVENTORY**

	<b>31 December 2025</b>	31 December 2024
Raw materials	<b>189,523,647</b>	213,802,044
Finished goods	<b>89,076,666</b>	99,137,648
Packing and packaging materials	<b>27,844,855</b>	48,729,136
Spare parts	<b>2,890,291</b>	28,316,112
Production in progress	<b>29,736,081</b>	1,012,971
Others	<b>941,091</b>	1,051,553
	<b>340,012,631</b>	392,049,464
<b>Less:</b>		
Provision for slow moving inventory	<b>(22,041,883)</b>	(25,271,863)
	<b>317,970,748</b>	366,777,601
Goods in transit	<b>8,660,073</b>	12,927,009
	<b>326,630,821</b>	379,704,610

**A) Movement in the provision as follows:**

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	<b>25,271,863</b>	27,453,845
Provided during the year	<b>2,682,469</b>	7,522,522
Reversed during the year	<b>(39,046)</b>	(1,847,200)
Provision for slow moving inventory write off	<b>(5,900,731)</b>	(7,474,467)
Translation differences	<b>27,328</b>	(382,837)
<b>Balance at the end of the year</b>	<b>22,041,883</b>	25,271,863

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**18. RECEIVABLES**

	<b>31 December 2025</b>	31 December 2024
Receivables (Note a below)	<b>262,159,606</b>	447,865,136
Provision of expected credit losses	<b>(32,226,269)</b>	(47,016,976)
	<b>229,933,337</b>	400,848,160

The movement of the provision is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	<b>47,016,976</b>	66,525,147
<u>Recorded in the consolidated statement of income</u>		
Additions during the year	<b>783,772</b>	260,293
Reversed during the year	<b>(15,559,953)</b>	(16,660,752)
	<b>(14,776,181)</b>	(16,400,459)
Used during the year	<b>(15,020)</b>	(2,415,688)
Translation differences	<b>51,885</b>	(743,415)
	<b>(51,391)</b>	51,391
<b>Balance at the end of the year</b>	<b>32,226,269</b>	47,016,976

- a) The accounts receivable balance as of 31 December 2024 includes an amount of SAR 199 million due from a party who sold an investment property to the Group in 2009. In 2019 the Company became aware that the title deed for this property had been revoked. Accordingly, the Group filed a lawsuit against the seller, and in 2022, the Court of Appeal issued a ruling in favour of the Company. The Court of Execution proceeds with the execution of the judgment. During the year ended 31 December 2025, the Company collected the full amount due, and reversed the previously recorded provision.

**19. PREPAID EXPENSES AND OTHER ASSETS**

	<b>31 December 2025</b>	31 December 2024
Advances to suppliers	<b>12,777,634</b>	25,780,201
Prepaid expenses	<b>10,515,424</b>	9,992,554
Employees' receivables	<b>3,054,205</b>	1,981,495
Due from related parties (Note 20)	<b>2,267,885</b>	2,047,538
Other debit balances	<b>13,662,754</b>	20,802,423
	<b>42,277,902</b>	60,604,211

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**20. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders, ultimate Parent Company – Dallah Al Baraka Holding Company, subsidiaries of the ultimate Parent Company, and key management personnel, directors, and entities controlled or significantly influenced by such parties. Transactions with related parties are carried out based on the policies, terms and prices of dealing with unrelated parties, and these transactions are approved by the Group's departments.

The Groups' related parties are described as follows:

<b>Description</b>	<b>Nature</b>
Albaik food systems Co.	Party to one of the members of the Board of Directors in subsidiary
Aqwat Food Industries Company	Party to one of the members of the Board of Directors in subsidiary
Al Wusta Food Services Company	Party to one of the members of the Board of Directors in subsidiary
Ismailia Egypt Poultry Company	An affiliate owned by one of the major shareholders in subsidiary

Below is summary of significant transactions with related parties performed in the course of normal business of the Group during the year:

**A) Due from related parties:**

<b>Description</b>	<b>Nature of the Transaction</b>	<b>Amount of transactions</b>		<b>Balance</b>	
		<b>31 December 2025</b>	31 December 2024	<b>31 December 2025</b>	31 December 2024
Albaik Food Systems Co.	Sale of finished goods	<b>8,397,717</b>	8,906,802	<b>1,828,703</b>	1,397,055
Aqwat food industries company	Sale of finished goods	<b>2,147,220</b>	2,511,042	<b>264,536</b>	246,456
Al Wusta Food Services Company	Sale of finished goods	<b>902,904</b>	1,089,557	<b>48,760</b>	324,134
Others	Different transaction	<b>410,912</b>	875,502	<b>125,886</b>	89,507
Total				<b>2,267,885</b>	2,057,152
Less: provision for doubtful debts				-	(9,614)
<b>Balance (Note 19)</b>				<b>2,267,885</b>	<b>2,047,538</b>

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**20. RELATED PARTIES TRANSACTIONS AND BALANCES(CONTINUED)**

The movement in the provision is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>9,614</b>	9,614
Reversed during the year	<b>(9,614)</b>	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>9,614</b>

**B) Due to related parties:**

<b>Description</b>	<b>Nature of the Transaction</b>	<b>Amount of transactions</b>		<b>Balance</b>	
		<b>31 December 2025</b>	31 December 2024	<b>31 December 2025</b>	31 December 2024
Others	Other transactions	<b>368,100</b>	-	<b>185,000</b>	553,100
<b>Balance (Note 28)</b>				<b>185,000</b>	<b>553,100</b>

Prices and payment terms with related parties are approved in accordance with the Group's policy.

**C) Board of directors, executives and committees' allowances and remunerations:**

The Group's senior management composes of key management personnel, executives and the Board member, who are responsible for planning, directing and supervising the Group's activities. The total salaries and remunerations for senior management and executives was as follows:

	<b>31 December 2025</b>	31 December 2024
Salaries and remunerations for senior management and executives "Parent Company"	<b>11,032,225</b>	15,545,351
Board of Directors' and committees' remunerations and allowances "Parent Company"	<b>3,765,000</b>	3,763,500
Salaries and remunerations for senior management and executives' "Subsidiaries"	<b>29,486,938</b>	23,075,827
Board of Directors' and committees' remunerations and allowances "Subsidiaries"	<b>7,004,470</b>	7,763,935
	<b>51,288,633</b>	<b>50,148,613</b>

**21. INVESTMENTS FOR TRADING AT FAIR VALUE THROUGH STATEMENT OF INCOME**

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>19,877,864</b>	12,635,875
Additions during the year	<b>57,200,000</b>	7,823,447
(Loss) / gains during the year	<b>(2,217,423)</b>	6,633,216
Disposals during the year	<b>(882,553)</b>	(7,214,674)
	<b>73,977,888</b>	<b>19,877,864</b>

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**22. CASH AND CASH EQUIVALENTS**

	<b>31 December 2025</b>	31 December 2024
Bank balances	<b>50,967,943</b>	55,778,284
Cash on hand	<b>1,814,401</b>	1,916,010
Checks under collection	<b>2,064,479</b>	2,341,297
Restricted bank balances *	<b>11,864,104</b>	11,878,901
Time deposits	<b>10,000,000</b>	7,500,000
Cash and cash equivalents at the end of the year	<b>76,710,927</b>	79,414,492

\*The restricted bank balances represent bank balances held by the banks against the unpaid dividends and are therefore not available for general use by the Group.

**23. SHARE CAPITAL**

The share capital of the Parent Company is divided into 126,388,889 shares as of 31 December 2025 with SR 10 each (31 December 2024: 126,388,889 shares).

**24. STATUTORY RESERVE**

Under the previous Articles of Association, the Company was required to transfer 10% of net income to the statutory reserve until it reached 30% of the capital. In accordance with the amendments made to the Companies Law in the Kingdom of Saudi Arabia, there is no longer an obligation to maintain the statutory reserve. Accordingly, the shareholders decided at the Extraordinary General Assembly held on 26 June 2024 to amend the Company's By-Laws. In accordance with the resolution, the statutory reserve amounting to SAR 219,249,829 was transferred to accumulated losses. To extinguish the accumulated losses amounting to SAR 160,249,092 as of 31 December 2023.

Under the amended By-Laws, the General Assembly of Shareholders has the right to decide to form new reserves to the extent that serves the interests of the Company.

**25. NON-CONTROLLING INTERESTS**

The movement in non-controlling interests is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>273,200,284</b>	268,259,253
Share of results in subsidiaries	<b>33,048,584</b>	29,367,343
Exchange differences resulted from the translation of financial statement in a foreign currency	<b>1,181,298</b>	(27,926,613)
Remeasurement of employee defined benefit liabilities	<b>268,838</b>	371,878
Dividends (*)	<b>(4,726,656)</b>	-
Reduction of ownership shares (**)	<b>(1,982,071)</b>	-
Additions of ownership shares (***)	<b>241,282</b>	3,128,423
At the end of the year	<b>301,231,559</b>	273,200,284

Non-controlling interests were recorded at initial recognition in accordance with generally accepted accounting principles at the date of recognition.

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**25. NON-CONTROLLING INTERESTS (CONTINUED)**

(\*) During the year ended 31 December 2025, the Extraordinary General Assembly in one of the Subsidiary, agreed to distribute cash dividends on the financial year 2024 by SAR 11 million, the share of the non-controlling interest amounted to SAR 4.7 million.

(\*\*) During the year ended 31 December 2025, the Company acquired a 0.73% owned by the non-controlling interests in Al Rabie Saudi Foods Company. This transaction did not result in a loss of control over the subsidiary, so it was treated as equity in accordance with the requirements of International Financial Reporting Standards.

(\*\*\*) During the year ended 31 December 2025, the Company sold part of its shares in one of its subsidiaries "Halwani Brothers Company". This transaction did not result in a loss of control over the subsidiary, so it was treated as equity in accordance with the requirements of International Financial Reporting Standards.

**26. ISLAMIC MURABAHA FINANCING CONTRACTS AND LONG-TERM LOANS**

The movement in Islamic Murabaha and loans during the year is as follows:

	<b>31 December 2025</b>	31 December 2024
Facilities and long-term loans	<b>185,528,733</b>	99,826,390
Amounts due during the year	<b>(28,130,704)</b>	(49,583,333)
Non-current portion	<b>157,398,029</b>	50,243,057

The following table represents the value of the remaining instalments of the whole amounts of Murabaha and long-term loans:

	<b>31 December 2025</b>	31 December 2024
2026	<b>28,130,704</b>	49,583,333
After 2026	<b>157,398,029</b>	50,243,057
	<b>185,528,733</b>	99,826,390

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## **26. ISLAMIC MURABAHA FINANCING CONTRACTS AND LONG-TERM LOANS** **(CONTINUED)**

### **Murabaha financing and long-term loans include the following:**

- On 01 February 2021, one of the subsidiaries entered into an Islamic financing agreement with local Bank. The total value of the facility amounted to SAR 342 million, of which SAR 150 million was a long-term loan. The duration of the long-term loan is five years, including a six-month grace period subject to a commission According to the prevailing rates among banks in the Kingdom of Saudi Arabia (SIBOR) in addition to fixed interest rate, the financing was guaranteed by promissory notes issued to the bank. As at 31 December 2025 balance amounted to SAR 24 million.
- One of the subsidiaries signed an agreement with a local bank to reclassify part of the value of the existing bank facilities used to finance the existing working capital into medium-term financing in the amount of SAR 65 million. According to the terms of the agreement, the financing is due to be repaid in quarterly installments of SAR 4.06 million, the first installment is due on December 31, 2024 and the financing ends on September 30, 2028. The financing entails financing fees (at the prevailing market rate between Saudi banks plus a profit margin). The financing was secured by promissory notes issued to the bank. As of December 31, 2025, the balance amounted to SAR 45 million.
- On 13 October 2025, one of the subsidiaries entered into an Islamic financing agreement with local Bank. The total value of the facility amounted to SAR 150 million, of which SAR 50 million was a medium-term loan used to financing the working capital. The duration of the Medium-term loan is five years, including a twelve-month grace period subject to a commission According to the prevailing rates among banks in the Kingdom of Saudi Arabia (SIBOR) in addition to fixed interest rate by 1.5%, the financing was guaranteed by promissory notes issued to the bank. As at 31 December 2025 balance amounted to nil.
- During the year ended 31 December 2025, the Parent Company entered into a long term Islamic Murabaha agreement with local Bank to finance its investing activities. The company pays finance cost according to the market price, the Murabaha amount will be repaid in a period of five years, including two years grace period. As at 31 December 2025 balance amounted to SAR 93.4 million.
- During the year ended 31 December 2025, the Parent Company entered into a medium term Islamic Murabaha agreement with local Bank to finance its investing activities. The company pays finance cost according to the market price, the Murabaha amount will be repaid in a period of two years. As at 31 December 2025 balance amounted to SAR 23 million.

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**27. EMPLOYEES' DEFINED BENEFITS**

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	75,713,883	82,016,595
Cost of current service	6,349,813	5,898,288
Finance costs	3,426,500	3,360,875
Paid during the year	(9,608,100)	(13,455,000)
Remeasurement of defined benefit liabilities for employees	(586,658)	(2,106,875)
Disposals related to discontinued operations	(187,006)	-
Balance at the end of the year	<b>75,108,432</b>	<b>75,713,883</b>

The most significant actuarial assumptions used in calculating the current value of employees' defined benefits as the following:

	<b>31 December 2025</b>	31 December 2024
Discount rate	<b>From 4.9% to 5.4%</b>	From 4.9% to 5.6%
Salary increase rate	<b>From 1.25% to 6%</b>	From 1.50% to 6%
Turnover rate	<b>From 12% to 14.5%</b>	From 13.94% to 15%

The effect of employees' defined benefits on actuarial assumptions with reasonable change percentage was presented with all other variables constant as the following:

	<b>31 December 2025</b>	31 December 2024
Discount rate +25 basis points	74,022,600	74,489,700
Discount rate -25 basis points	75,862,300	76,262,100
Salary increases +25 basis points	75,893,400	76,286,177
Salary increases -25 basis points	73,988,300	74,462,222

**28. PAYABLES AND OTHER CURRENT LIABILITIES**

	<b>31 December 2025</b>	31 December 2024
Trade payables	138,801,870	150,035,070
Accrued expenses	136,175,274	137,007,247
Right to return goods	25,858,977	30,210,233
Accrued expenses to customers	32,563,252	28,800,452
Employee's accruals	13,486,000	11,462,796
Advances from customers	6,377,990	6,475,612
Land purchase payable	6,105,479	6,105,479
Tax dues in subsidiaries	1,445,614	1,791,510
Due to related parties (Note 20)	185,000	553,100
Other	9,661,391	5,768,427
	<b>370,660,847</b>	<b>378,209,926</b>

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#### **29. SHORT TERM ISLAMIC MURABAHA FINANCING**

Movement in the Islamic Murabaha financing is as follows:

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	<b>471,888,822</b>	585,116,092
Net movement during the year	<b>(205,031,092)</b>	(113,227,270)
Balance at the end of the year	<b>266,857,730</b>	471,888,822

- During the year 2022, the Parent Company entered into a short-term Islamic Murabaha facility agreement with local bank with amount of SR 160 million, which is renewed annually. The Murabaha is subject to a commission according to the prevailing inter-bank rates in the Kingdom of Saudi Arabia (SIBOR) plus a fixed commission rate. The outstanding balance of this facility as of 31 December 2025 an amount of SAR 50 million (31 December 2024: SAR 162 million). The Facility was guaranteed by promissory note issued to the bank. An agreement was also signed to pledge shares listed on the stock market, whereby shares in one of the invested companies were pledged.
- During 2021, the parent company signed a short-term Murabaha facility agreement with a local bank for an amount of SAR 200 million, which is renewed annually. The facility is subject to a commission according to the prevailing rates between banks in the Kingdom of Saudi Arabia (SAIBOR) plus a fixed commission rate. The facility was secured by a promissory note issued to the bank. An agreement was also signed to pledge shares listed on the stock market, whereby shares in one of the invested companies were pledged. The facility balance on December 31, 2025 amounted to SAR 35 million (2024: SAR 41 million).
- On 1 February 2021, one of the subsidiaries signed an Islamic financing agreement with a local Bank, and on 26 May 2025, the Company renewed and amended its existing financing agreement with the same bank, to obtain a total facility amount of SAR 248 million, of which SAR 180 million was short-term Murabaha with a duration of 4 months. As of 31 December 2025, the balance amounted to SAR 30 million (31 December 2024: SAR 30 million) Financing is subject to a commission according to the rates prevailing among banks in the Kingdom of Saudi Arabia (SIBOR), in addition to fixed interest rate.
- On 13 October 2025, one of the subsidiaries, signed and Islamic financing agreement. The total value of the agreement is SAR 150 million, which includes an amount of 100 million SR for a short-term financing. This comprises a commercial facility for the settlement of suppliers against the purchase of goods or commodities and letters of credit amounting to SAR 80 million, in addition to SAR 20 million as short-term Murabaha financing for a period of six months. As of 31 December 2025, the outstanding balance amounted to SAR 10 million.
- On 25 November 2024, one of the subsidiaries renewed a financing agreement with a local bank amounting to SAR 80 million, of which SAR 50 million represents a short-term facility and SAR 30 million represents a facility to settle suppliers in respect of purchase of goods or commodities. The agreement period is one year and subject to a commission according to the prevailing inter-bank rates in the Kingdom of Saudi Arabia (SIBOR) plus a fixed commission rate of 1.5%. Promissory notes were provided to the bank for the full facility amount. The agreement is subject to financial covenants, with which the company has complied. As at December 31, 2025, the outstanding balance amounted to SAR 30 million (December 31, 2024: SAR 51.5 million).

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#### **29. SHORT TERM ISLAMIC MURABAHA FINANCING (CONTINUED)**

- One of the subsidiaries, has entered into short-term Islamic Murabaha (Tawaruq) Contracts with local banks in the Kingdom of Saudi Arabia guaranteed by promissory note. These Murabaha are paid within a period of three to eight months and the Company pays financing cost on financing according to the prevailing market rate among Saudi banks plus a profit margin. On 31 December 2025, the outstanding balance of these contracts amounted to SAR 75 million (December 31, 2024: SAR 126 million).
- One of the subsidiaries, has entered into short-term Murabaha Contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary Company pays financing costs according to prevailing market rate. As of 31 December 2025, the outstanding balance of these contracts amounted to SAR 33 million (December 31, 2024: SAR 60 million).

#### **30. Other expenses / (income), Net**

	<b>31 December 2025</b>	31 December 2024
Foreign exchange loss	<b>1,770,916</b>	27,744,079
Provision for contingent claims expense (*)	<b>10,651,750</b>	4,657,503
Reverse provision for contingent claims (**)	-	(9,502,802)
Other income	<b>(3,322,135)</b>	(1,735,503)
Balance at the end of the year	<b>9,100,531</b>	21,163,277

(\*) During the year ended 31 December 2025, the Group has charged an amount of SAR 10.6 million (31 December 2024: SAR 4.6 million) as a provision for potential claims, to meet potential future liabilities.

(\*\*) During the year ended 31 December 2024, the Group reversed a provision for contingent claims amounting to SAR 9.5 million after the issuance of a decision by the Second Preliminary Customs Committee in Riyadh in favour of the Group.

#### **31. CAPITAL COMMITMENTS, CONTINGENCIES**

Below are the capital commitments, contingencies and covenants:

	<b>31 December 2025</b>	31 December 2024
Capital commitments for purchasing property, plants and equipment	<b>53,690,436</b>	3,275,156
Letter of guarantees and letter of credit in ordinary course business of the Group	<b>34,118,297</b>	81,199,595

### **32. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability settled between two knowledgeable willing parties in an arm's length transaction. Therefore, differences may result from the carrying amount and estimates of the fair value.

The Group's financial assets consist of investments in financial instruments, cash and cash equivalents, trade accounts receivable and other receivables, amounts due to related parties, and its financial liabilities consist of trade accounts payable, accruals, other payables, Islamic Murabaha contracts, term finance arrangements, lease liabilities, finance lease liabilities, bank overdrafts, and amounts due to related parties.

There are transfers between levels (1) and (3) during the year ending 31 December 2025 (31 December 2024: No transfers).

#### **Hierarchy of the fair value:**

The Company uses the hierarchy of the fair value to determine the fair value of financial instruments and disclose it based on the valuation method:

**Level 1** - Quoted market prices in active markets for identical assets or liabilities

**Level 2** - Other valuation techniques that are significant to the fair value measurement is directly or indirectly observable

**Level 3** - Inputs that are significant to the fair value measurement is unobservable

The Company used to hold such financial instruments and financial liabilities in the statement of financial position:

<b>31 December 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value</b>				
Listed in an active market	592,085,960	-	-	592,085,960
Not listed in an active market	-	-	185,230,196	185,230,196
<b>Financial liabilities at fair value</b>	<b>592,085,960</b>	<b>-</b>	<b>185,230,196</b>	<b>777,316,156</b>
<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value				
Listed in an active market	393,855,234	-	-	393,855,234
Not listed in an active market	-	-	299,750,362	299,750,362
Financial liabilities at fair value	393,855,234	-	299,750,362	693,605,596

### **32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

#### **Reconciliation of level 3**

The table below shows reconciliation of all movements in fair value of financial instruments categorized into level 3 between the beginning and end of the financial period:

#### **a) Financial assets at fair value:**

	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>299,750,362</b>	308,087,425
Additions	<b>1,000,000</b>	-
Disposals	<b>(5,000,000)</b>	-
Evaluation	<b>23,198,998</b>	(8,337,063)
Transferred to level 1	<b>(133,719,164)</b>	-
<b>Closing balance</b>	<b>185,230,196</b>	299,750,362

### **33. RISK MANAGEMENT OBJECTIVES AND POLICIES**

Risks are part of the Group's operations and are managed through a continuous mechanism including the identification and then assessment of risks with follow up. Risk management is important for the Group's ability to achieve gains. Every employee in the Group is responsible for risk management related to his roles and responsibilities.

The Board members review risks and approve them:

#### **Capital risk management**

The Group manages its capital to ensure that it will be able to continue. The capital structure of the Group consists of net debts (Murbaha financing to offset against cash and cash equivalents) and equity (comprising of capital, reserves, retained earnings, unrealized gains from revaluation of investments available for sale and a subsidiary's translation of financial statements).

The capital structure as at the end of the year is as follows:

	<b>31 December 2025</b>	31 December 2024
Total debts	<b>452,386,463</b>	571,715,212
Less: cash and cash equivalents	<b>(76,710,927)</b>	(79,414,492)
Net debts	<b>375,675,536</b>	492,300,720
Total equity	<b>1,332,134,309</b>	1,351,639,276
Debt to equity ratio (%)	<b>%28</b>	36%

### **33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

#### **Liquidity risk**

Liquidity risk is the risk that the Company's inability to meet commitments associated with financial instruments when fall due. Liquidity requirements are monitored on monthly basis to ensure that sufficient funds are available to meet any commitments when arise; including credit facility agreements against future commitments.

The table below summarises the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market commission rates:

<i>31 December 2025</i>	<i>Within one year</i>	<i>1 to 5 years</i>	<i>Total</i>
Payables and other current liabilities	<b>370,660,847</b>		<b>370,660,847</b>
Short term Islamic Murabaha financing	<b>266,857,730</b>	-	<b>266,857,730</b>
Murabaha Islamic financing contracts and long-term loans	<b>28,130,704</b>	<b>157,398,029</b>	<b>185,528,733</b>
Lease liabilities	<b>17,113,135</b>	<b>21,597,272</b>	<b>38,710,407</b>
Dividends payable	<b>12,027,325</b>	-	<b>12,027,325</b>
<b>Total</b>	<b>694,789,741</b>	<b>178,995,301</b>	<b>873,785,042</b>
<i>31 December 2024</i>	<i>Within one year</i>	<i>1 to 5 years</i>	<i>Total</i>
Payables and other current liabilities	378,209,926	-	378,209,926
Short term Islamic Murabaha financing	471,888,822	-	471,888,822
Murabaha Islamic financing contracts and long-term loans	49,583,333	50,243,057	99,826,390
Lease liabilities	14,154,120	27,847,292	42,001,412
Dividends payable	12,042,133	-	12,042,133
<b>Total</b>	<b>925,878,334</b>	<b>78,090,349</b>	<b>1,003,968,683</b>

#### **Market risk**

A proper framework is established to manage the market risks with respect to all assets including those unquoted and/or exposed to price fluctuations.

##### a) Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in commission rates in the market. The Group is subject to commission rate risk on its commission bearing assets and liabilities; including Murabaha contracts and term loans. The Group limits its commission rate risk by monitoring changes in commission rate risk on its interest-bearing liabilities. The Group also enters into swap contracts to reduce fluctuations in commission rates.

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### **33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

#### **Market risk (continue)**

A 10 basis points change in the commission rates of the floating rate SR denominated deposits/loans as at the date of the financial statements would increase/(decrease) the net income of the year by the amounts stated below. The below analysis presumes that all other variables will remain constant:

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	+ 10 basis points	- 10 basis points	+ 10 basis points	- 10 basis points
Murabaha financing	(452,386)	452,386	(571,715)	571,715

#### b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. 26% of the Group's sales for the year ended 31 December 2025 represent the subsidiary's sales Halwani and Brothers Company - Egypt (31 December 2024: 28%) Egyptian Pound is used as the operational currency.

As at 31 December 2025, the Group's financial assets and financial liabilities in foreign currencies related to the subsidiary (mainly in USD and Egyptian Pound) amounted to SAR 143.6 million and SAR 149.6 million (2024: SAR 146.5 million and SAR 75.5 million) respectively.

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. With respect to the effect of the fluctuations in the currencies rates arising from the translation of the subsidiary' financial statements for purposes of consolidating the financial statements will be shown within the equity in a separate item. The Group manages the currencies risk through monitoring the changes in the currencies rates continuously and taking the appropriate decisions.

#### c) Raw material price risk

The Group is using various raw materials as production inputs in its production process. Such raw materials are subject to price fluctuations that may affect the business results of the Group. To minimise such risk, the management monitors the prices of raw materials and take the decisions to purchase in view of price forecasts.

#### **Impairment of goodwill**

The Company's management assess the goodwill's potential impairment at each reporting period. This assessment takes into consideration the expected future cash flows from each cash generating unit. The calculation of goodwill is most sensitive to the following assumptions:

- Valuation method
- Gross Margin.
- Growth rates used.
- Weighted average cost of capital.
- Terminal value growth rate

### **33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

#### **Impairment of goodwill (continue)**

##### *Valuation Method*

The discounted cash flow method was used to determine the recoverable amount.

##### *Weighted Average Cost of Capital*

In the study of the impairment of goodwill, a discount rate for cash-generating units of 10.3% and 13.1% respectively was used, which represents the weighted average cost of capital with an adjustment factor of 4% and 5.5% respectively to reflect the Company's specific risks.

##### *Gross margin*

Gross margin is based on average value achieved during the three years preceding the budget period, and after adjustments related to the anticipated efficiency improvements in the cash generating units.

##### *Growth rate*

Rates are based on average value achieved during the three years preceding the budget period, and after adjustments related to present contracts and the management's perception of the growth in the market size as well as geographical expansion.

##### *Terminal Value Growth Rate*

The perpetual growth rate was calculated based on the expected growth rate of the GDP in the Kingdom of Saudi Arabia over the next five years, which is estimated at 3.5%. For the purposes of conservative estimation, a perpetual growth rate of 3% and 2% respectively were used in calculating the terminal value within the discounted cash flow model.

##### *Sensitivity to change in assumptions*

The Group used a discount rate of 10.3% and 13.1% respectively in discounting projected cash flows for the purpose of goodwill impairment study, and as a result, there is no impairment to be recorded. A sensitivity analysis was performed on the discount rates used, increasing by 2%, and no impairment resulted.

##### ***Credit risk***

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables, obtaining LCs and LGs as securities from customers.

With respect to credit risk arising from the other financial instruments of the Group including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter parties, with a maximum exposure equal to the carrying amounts of these instruments.

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**33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Credit risk*

The following is information regarding the credit risk to which the Company may be exposed in relation to receivables using the provision matrix:

<b>2025</b>	<b>Not due</b>	<b>&lt; 90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>360&lt; days</b>	<b>Total</b>
<b>Expected credit loss rate</b>	<b>0.17%</b>	<b>1.70%</b>	<b>11.50%</b>	<b>53.89%</b>	<b>100%</b>	
<b>Estimated carrying amounts at default</b>	194,221,021	31,286,007	4,913,462	2,055,210	29,683,906	262,159,606
<b>Expected credit loss</b>	338,034	531,702	565,112	1,107,515	29,683,906	32,226,269
<b>2024</b>	<b>Not due</b>	<b>&lt; 90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>360&lt; days</b>	<b>Total</b>
<b>Expected credit loss rate</b>	<b>0.36%</b>	<b>2.56%</b>	<b>15.09%</b>	<b>52.98%</b>	<b>18.91%</b>	
<b>Estimated carrying amounts at default</b>	168,854,658	43,176,540	3,847,345	2,511,165	229,475,428 (*)	447,865,136
<b>Expected credit loss</b>	603,842	1,105,850	580,719	1,330,423	43,396,142	47,016,976

**Business risk**

Business risks arise from several external factors including epidemic diseases that generally affect processed meat industry. Other risk may arise from the possible shortage of agriculture crops used as basic raw materials in food industry. To reduce such risks the management monitors such risks and takes the appropriate decisions according to the situation.

### **34. NEW AMENDED STANDARDS AND INTERPREPERATIONS**

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

There are a number of standards, amendments to standards and interpretations issued by the IASB that are effective for future accounting periods and the Company has decided not to early adopt them.

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

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

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

Regarding the new standards, interpretations, and amendments to the standards that are effective this year, they have had no impact on these consolidated financial statements.

### **35. BRANCHES OF SUBSIDIARIES**

The consolidated financial statements include assets, liabilities and results of operations of the following branches:

Halwani Brothers Company:

<u>S. No</u>	<u>City</u>	<u>Commercial Registration No.</u>	<u>S. No</u>	<u>City</u>	<u>Commercial Registration No</u>
1	Riyadh	1010062529	8	Taif	4032009936
2	Buraydah	1131009885	9	Madinah	4650007871
3	Dammam	2050021082	10	Jeddah	4030296028
4	Tabuk	3550019554	11	Jeddah	4030289434
5	Jeddah	4030296025	12	Khamis Mushait	5855011496
6	Makkah	4031023161	13	Yanbu	4700001129
7	Jeddah	4030016296			

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**35. BRANCHES OF SUBSIDIARIES (CONTINUED)**

Al Rabie Saudi Foods Company:

S. No	City	Commercial Registration No.	S. No	City	Commercial Registration No
1	Riyadh	1010851253	12	Taif	4032228005
2	Riyadh	1010614214	13	Madina	4650245867
3	Riyadh	1010614212	14	Jeddah	4030123496
4	Riyadh	1010025275	15	Makkah	4031213827
5	Abha	5855015525	16	Mahil	5860023508
6	Baha	5800010301	17	Yanbu	4700011061
7	Al-Qunfudhah	4603149656	18	Unaizah	1128003924
8	Jizan	5900005720	19	Tabouk	3550014766
9	Al mabraz	2252026326	20	Hail	3350160874
10	Dammam	2050033489	21	Dawadmi	1116626774
11	Kharj	1011008756	22	Narjan	5950007467

**36. COMPARATIVE FIGURES**

The Company's management has reclassified certain items in the consolidated statement of income and consolidated statement cash flows for the comparative figures to conform to the current year's classification as follows:

	31 December 2024		31 December 2024	
Consolidated statement of income	Previously Reported	Restatement	Disposals related to discontinued operations (Note 2)	Restated
	General and administrative expenses	(153,534,372)	2,985,520	2,432,442
Finance charges	(60,063,992)	1,395,914	461,647	(58,206,431)
Other income / (expenses), net	(19,767,363)	(1,395,914)	-	(21,163,277)
Income tax	(12,387,308)	(2,985,520)	-	(15,372,828)

	31 December 2024		31 December 2024	
Consolidated statement of cash flows	Previously Reported	Restatement	Disposals related to discontinued operations	Restated
	Profit before zakat and income tax	48,558,342	2,985,520	10,868,294
Payables and other current liabilities	38,152,289	(2,985,520)	(1,062,460)	34,104,309
Net cash generated from operating activities	23,638,450	-	-	23,638,450

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**37.SUBSEQUENT EVENTS**

Management believes there are no significant subsequent events since the year-end that would require disclosure or adjustments to consolidated financial statements.

**38.APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved for issuing by Board of Directors on 22 Ramadan 1447 (H) Corresponding to 11 March 2026 (G).

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