Darb Saudi Investment Company
(Previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company

The Financial Statements and
Independent Auditor's Report
For The Year Ended December 31, 2025

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INDEX

	PAGE
Independent Auditor's report	1-5
Statement of Financial Position as of December 31, 2025	6
Statement of Comprehensive Income for the year ended December 31, 2025	7
Statement of Changes in Equity for the year ended December 31, 2025	8
Statement of Cash Flows for the year ended December 31, 2025	9
Notes to the Financial Statements for the year ended December 31, 2025	10 - 46

Independent Auditor's Report

To the Shareholders of Darb Saudi Investment Company
(Previously Al-Baha Investment and Development Company)
A Saudi joint stock company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Darb Saudi Investment Company (previously Al-Baha Investment and Development Company)- A Saudi joint stock company ("The Company")** which comprise the statement of financial position as of December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and other explanatory notes to the financial statements including material accounting policy information.
In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia as applicable to the audits of financial statements of public interest entities, 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.

Emphasis of a Matter

We draw attention to notes (13 , 24) to the accompanying financial statements, which describes the legal case on the assets exchange with Al - Sata'ah Modern General Contracting Company. The Company has created a provision for expected losses that resulted from assets exchange contract with Al- Sata'ah Modern General Contracting Company for an amount of SR 26,136,823, where the Company's management believes that the assets that are supposed to be received in the barter transaction have low values and there is a significant impairment on them as a result of their obsolescence; accordingly a provision has been recognized against them for the amount of the performance obligations that the company is obliged to transfer to the other party. In addition, the previously issued court judgment obligating Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) to execute the terms of the contract with Al- Sata'ah Modern General Contracting Company was upheld. Our opinion is not qualified for this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

The following is a description of each of the key audit matters and how our audit addressed these matters:

Carrying value of goodwill	How the matter was addressed in our audit
The carrying value of goodwill amounted approximately to SAR 22 million as of December 31, 2025 (2024: SAR 22 million), which arose as a result of acquisition of the cash-generating unit Ishraqa Regional Real Estate Development and Investment (branch of the company) during the year 2017. The management performed the annual impairment test on the carrying value for the goodwill as of December 31, 2025, by using assistance of an external independent business valuer licensed from the Saudi Authority for Accredited Valuers (Taqeem) to determine the recoverable value of goodwill as of that date, and then determine whether there is an impairment in the carrying value of the goodwill by comparing the carrying value of the cash generating unit and its recoverable value. According to the external valuer's report, the recoverable value was determined using the cost method and the adjusted nets asset technique. The adjusted net asset value technique depended mainly on the fair value of the investment property related to the cash-generating unit Ishraqa Regional Real Estate Development and Investment (branch of the company). The fair value of this property was calculated by using the assistance of external real estate valuer licensed from the Saudi Authority for Accredited valuers (Taqeem), in addition, the fixed assets were ignored due to the fact that they are immaterial. We considered this item to be a key audit matter due to the materiality of its value to the statement of financial position and the importance of the estimates and judgments included in the goodwill valuation, which depended mainly on the valuation of the investment property. For detailed information, please refer to note (8) in the financial statements about the goodwill, note (3) about material accounting policy information related to goodwill, and note (4) for significant accounting judgments and estimates.	We performed the following procedures in relation to the Company's assessment of goodwill impairment: – Evaluated the competency, independence and objectivity of the management's valuation expert. – Evaluated the appropriateness of the goodwill impairment model used by the Company by assessing the appropriateness of determining the recoverable value of goodwill based on the cost method and the adjusted net assets technique. – Engaged our business valuation expert to assess the reasonableness of the fair value calculation and assumptions used in the valuation. – Engaged our real estate valuation expert to verify the reasonableness of the fair value determined for the investment property related to the cash-generating unit which depended mainly on applying the adjusted net assets technique in calculating the fair value of the cash-generating unit, which included the following procedures: • Review of the methodology applied by the valuer to ensure that the valuation method and technique is appropriate to determine the fair value of investment properties. • Review the reasonableness of key assumptions used by management. – Verified sample of the valuation inputs used by valuer and compared them with accounting records. – Evaluated the adequacy of presentation, disclosures, and the appropriateness of accounting policies and disclosure of goodwill.

Impairment of investment properties	How the matter was addressed in our audit
The company owns investment properties consisting of lands and building built on it, which are held to earn rental income. The investment properties amounted approximately to SAR 231 million as of December 31, 2025 (2024: SAR 234 million) and represent material balances in the statement of financial position as of that date. We considered this item to be a key audit matter due to its materiality to the statement of financial position and the significance of the estimates, assumptions and judgments included in the valuation. The investment properties were recognized in the statement of financial position at carrying value, which represents the cost minus accumulated depreciation and accumulated impairment losses. The carrying value is reviewed annually by the company's management to assess if there are indications of impairment through comparing the carrying value with the recoverable value. The company has engaged independent external valuer licensed by the Saudi Authority for Accredited Valuers (Taqeem) who is conducting the valuation in accordance with International Valuation Standards to assist management in determining the recoverable value. The valuation involves the application of recognized methods and techniques that rely on significant judgments and estimates such as the reasonableness of the comparisons used, capitalization rate, and valuation inputs in general. The objective of valuating the investment properties is to determine the recoverable value and the impairment (if any), and disclosure of the fair value in the company's financial statements. This matter is considered subjective in nature due to, among other factors, the individual nature of each property, location of the property, and the most appropriate valuation method for each of them. For detailed information, please refer to note (11) in the financial statements about the investment properties, note (3) about material accounting policy information related to investment properties, and note (4) for significant accounting judgments and estimates.	We performed the following procedures in relation to the Company's impairment assessment of investment properties: – Evaluated the competency, independence and objectivity of the management's valuation experts. – Engaged our real estate valuation expert as the following procedures were performed: • Review of the methodology applied by the Company's valuers to ensure the applied valuation method and technique is appropriate for determining the fair value of investment properties. • Review the reasonableness of key assumptions and estimates related to the valuation. – Verified sample of the valuation inputs used by valuer and compared them with accounting records. – Compared the fair value based on real estate valuers' reports with the carrying value of investment properties to determine whether or not there is an impairment, or whether the accumulated impairment is subject to reversal. – Evaluated the adequacy of presentation, disclosures, and the appropriateness of accounting policies and disclosure of investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year 2025, but does not include the financial statements and the auditor's report thereon. The annual report is expected to be made available to us after the date of this report. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

If, upon reading the Company's annual report for the year 2025, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Company's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Talal Abu-Ghazaleh & Co.

Waleed Ahmed Bamarouf
Certified Public Accountant - License No. 408
Sha'aban 13, 1447(H) corresponding to February 1, 2026(G)

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Darb Saudi Investment Company (previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company

Statement of financial position as of December 31, 2025

ASSETS	Note	2025 (SR)	2024 (SR)
Current Assets			
Cash at banks		1,867,121	397,113
Trade receivables - net	5	2,559,751	3,061,853
Other debit balances - net	6	72,445	140,934
Total Current Assets		**4,499,317**	**3,599,900**
Non - Current Assets			
Goodwill- net	8	22,159,064	22,159,064
Intangible assets - net	9	1	1
Investment properties- net	11	231,135,869	234,084,003
Property and equipment- net	12	314,588	293,377
Total Non Current Assets		**253,609,522**	**256,536,445**
Non-current assets held for sale- net	13	-	-
Total Assets		**258,108,839**	**260,136,345**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable		937,461	937,461
Other credit balances	14	5,887,347	5,639,926
Auction shares deposits under settlement	15	11,266,785	11,207,056
Due to related parties	7	900,000	6,280,718
Lease liability - current portion	10	2,269,100	1,959,964
Zakat provision	16	118,197	2,112,527
Total Current Liabilities		**21,378,890**	**28,137,652**
Non-Current Liabilities			
Lease liability - non current portion	10	6,378,320	8,509,687
Employees' defined benefit obligation	17	519,679	435,479
Total Non-Current Liabilities		**6,897,999**	**8,945,166**
Total Liabilities		**28,276,889**	**37,082,818**
Equity			
Shareholders' Equity			
Capital	1&18	218,295,000	218,295,000
Retained earnings		11,536,950	4,758,527
Net shareholders' Equity		**229,831,950**	**223,053,527**
Non - Controlling interests	1	-	-
Total Equity		**229,831,950**	**223,053,527**
TOTAL LIABILITIES AND EQUITY		**258,108,839**	**260,136,345**

The accompanying notes from (1) to (30) constitute an integral part of these financial statements

Statement of comprehensive income for the year ended December 31, 2025

	Note	2025 (SR)	2024 (SR)
Rent revenues	11	18,273,097	18,098,518
Cost of revenues	19	(4,330,912)	(4,495,422)
Gross profit		**13,942,185**	**13,603,096**
General and administrative expenses	20	(3,959,624)	(4,304,684)
Expected credit losses	5	(3,196,324)	(1,892,641)
Reversal of impairment provision for investment properties	11	338,415	1,185,668
Net profit from operations		**7,124,652**	**8,591,439**
Finance costs	21	(391,756)	(450,976)
Other revenue	22	163,724	328,633
Net profit before Zakat		**6,896,620**	**8,469,096**
Zakat	16	(118,197)	(93,488)
Net comprehensive income		**6,778,423**	**8,375,608**
Basic and diluted earnings per share for the shareholders of the company	23	0.031052	0.038368

The accompanying notes from (1) to (30) constitute an integral part of these financial statements

Statement of changes in equity for the year ended December 31, 2025

	Capital	Retained earnings	Total Shareholders' Equity	Net Non-Controlling interests	Total Equity
For the year ended December 31, 2025	(SR)	(SR)	(SR)	(SR)	(SR)
Balance at the beginning of the year	218,295,000	4,758,527	223,053,527	-	223,053,527
Total comprehensive income	-	6,778,423	6,778,423	-	6,778,423
Balance at the end of the year	**218,295,000**	**11,536,950**	**229,831,950**	**-**	**229,831,950**
For the year ended December 31, 2024					
Balance at the beginning of the year	297,000,000	(82,123,073)	214,876,927	19,400,992	234,277,919
Total comprehensive income	-	8,375,608	8,375,608	-	8,375,608
Acquisition of non-controlling interest against payable to a related party (*)	-	(199,008)	(199,008)	(19,400,992)	(19,600,000)
Reduction of the company's capital to absorb accumulated losses(**)	(78,705,000)	78,705,000	-		-
Balance at the end of the year	**218,295,000**	**4,758,527**	**223,053,527**	**-**	**223,053,527**

(*) On August 7, 2024, a Share Purchase and Sale Agreement was signed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) and Mr. Mashal bin Mohammed bin Hassan Al-Mufti (the seller and a former board member) and the owner of the non-controlling interests in The Elegent Centers Limited Company (a subsidiary). The seller owns 750,000 shares, representing 13.04% of the capital of The Elegent Centers Limited Company, and intends to sell them to Al-Baha Investment and Development Company (the buyer) for SAR 19,600,000. The balance of non-controlling interests as of January 1, 2024, amounted to SAR 19,400,992, resulting in a loss of SAR 199,008, which was recognized through the retained earnings.

(**) According to the Extraordinary General Assembly meeting held on December 19, 2024, it was decided to absorb part of the accumulated losses amounting to SAR 78,705,000 by reducing the capital. A total of 787,050,000 shares were canceled at a nominal value of SAR 0.10 per share, with a reduction of one share for every 3.77 shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

The accompanying notes from (1) to (30) constitute an integral part of these financial statements

Darb Saudi Investment Company (previously Al-Baha Investment and Development Company)
A Saudi Joint Stock Company

Statement of cash flows for the year ended December 31, 2025

	Note	2025 (SR)	2024 (SR)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before Zakat		6,896,620	8,469,096
Adjustments to reconcile profit for the year before Zakat to net cash from operating activities			
Provision for expected credit losses	5	3,196,324	1,892,641
Amortization of intangible assets	9	-	1,303
Finance cost	21	391,756	450,976
Depreciations of investment property	11	3,680,480	3,570,640
Provision reversal in investments properties	11	(338,415)	(1,185,668)
Provision for zakat no longer required		-	(170,985)
Depreciations of property and equipment	12	126,167	125,881
Gain from disposal of property and equipment		(16,000)	(53,910)
Employees' defined benefit obligation - charged	17	144,060	104,495
Changes in Operating Assets and Liabilities			
Trade receivables		(2,694,222)	(1,740,845)
Other debit balances		68,489	(69,756)
Other credit balances		247,421	230,591
Auction shares deposits under settlement		59,729	(27,740)
Cash flows from operations		**11,762,409**	**11,596,719**
Employees' defined benefit obligation - Paid	17	(59,860)	-
Zakat - Paid	16	(2,112,527)	(3,635,108)
Net Cash flows from Operating Activities		**9,590,022**	**7,961,611**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of investment property	11	(393,931)	(407,366)
Additions of property and equipment	12	(147,378)	-
Income from disposals of property and equipment		16,000	100,000
Net cash flows used in investing activities		**(525,309)**	**(307,366)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability-Paid	10	(2,213,987)	(1,309,314)
Due from related parties		-	141,914
Due to related parties		(5,380,718)	(13,319,283)
Net Cash flows used in Financing Activities		**(7,594,705)**	**(14,486,683)**
Net Increase (decrease) in cash and cash equivalents		**1,470,008**	**(6,832,438)**
Cash at banks at beginning of the year		397,113	7,229,551
Cash at banks at end of the year		**1,867,121**	**397,113**
<u>Significant non-cash transactions</u>			
Acquisition of non-controlling interests against payable to a related party	7	-	19,600,000
Reduction of the company's capital to absorb accumulated losses	1&18	-	78,705,000
Disposal land of chicken project and its related assets - Al-aqiq against provision for potential losses against non-current assets held for sale	13	-	47,866,894

The accompanying notes from (1) to (30) constitute an integral part of these financial statements

1. Company's Information

- Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under the commercial registration No. 5800005960 Uniform number 7001363386 on Rajab 19, 1413(H) corresponding to January 11, 1993(G) and according to Ministerial Resolution No. 600 on Jumada Al-Thani 5, 1413(H) corresponding to November 30, 1992(G).
- During the current period, on June 17, 2025, the company's name was changed to Darb Saudi Investment Company instead of Al-Baha Investment and Development Company, and all regulatory procedures in this regard have been completed.
- The Company's activities include managing and leasing the residential and non-residential real estates that are owned or leased by the Company, managing and leasing warehouses, brokerage of real estates, managing properties, general construction of residential and non-residential buildings; renovation of residential and non-residential buildings; finishing works for buildings, hotels, and hotel apartments; as well as the purchase, sale, and subdivision of land and real estate; off-plan sales activities; and the real estate development of residential and commercial buildings. The Company performs its activities in accordance with applicable regulations and after obtaining the required licenses from related bodies (if required).
- Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) obtained a real estate developer qualification certificate from the Ministry of Municipal and Rural Affairs and Housing, Developers Services Center, after meeting the approved qualification standards on March 7, 2024.
- The head office of the Company is located at the following address:
  Riyadh - Al-Izdihar district, P.O. Box 12485, Kingdom of Saudi Arabia
- The financial statements include the activities of the following branches:
  - The Elegant Centers Limited, a branch of Darb Saudi Investment Company (previously branch of Al-Baha Investment and Development Company), Commercial Registration No. 1010428696 dated Safar 18, 1436H, corresponding to December 10, 2014.
  - Ishraqa Regional Real Estate Development and Investment, a branch of Darb Saudi Investment Company (previously branch of Al-Baha Investment and Development Company), Commercial Registration No. 1010714580 dated Shawwal 18, 1438H, corresponding to July 12, 2017.

Purchase of Additional Share in a Subsidiary

- On August 7, 2024, a Share Purchase and Sale Agreement was signed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) and Mr. Mishal bin Mohammed bin Hassan Mufti (the seller and former board member) and the owner of the non-controlling interests in The Elegant Centers Limited Company (a subsidiary). The seller owns 750,000 shares, representing 13.04% of the capital of The Elegant Centers Limited Company, and intends to sell them to Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) for SAR 19,600,000, which will be paid as follows:
  - The buyer will pay the purchase price within one year from the effective date. The buyer has the right to extend the payment period for one or more additional similar periods upon notification to the seller.
  - The buyer will pay 20% of the purchase price, amounting to SAR 3,920,000, at the effective date.
  - The remaining 80% of the purchase price, amounting to SAR 15,680,000, will be paid during the payment period or any extension thereof, with a maximum deadline by the end of the payment period or any extension.
- The first part of the purchase amount, SAR 3,920,000, was paid on October 1, 2024, and the legal procedures were completed, and the ownership transferred on October 1, 2024.
- After this date, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) paid SAR 14;780.000 accordingly, the outstanding balance due to the related party (Mr. Mishal bin Mohammed bin Hassan Mufti) amounted to SAR 900.000 (Note 7).
- On September 8, 2025 Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) notified Mr. Mishaal bin Mohammed bin Hassan Mufti (the seller and former board member) of the company's request to extend the deferral period for the settlement of amounts due to him for an additional one-year term, effective from the end of the current deferral period.

Conversion of Subsidiaries to Branches

- After purchasing the non-controlling interests in The Elegant Centers Limited Company, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) now owns 100% of its subsidiaries, The Elegant Centers Limited Company and Ishraqa Regional Real Estate Development and Investment Company (a single-member company). Subsequently, Al-Baha Investment and Development Company converted its subsidiaries into branches of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company). This was approved in the minutes of the Ordinary General Assembly meeting held on September 30, 2024. On October 31, 2024, The Elegant Centers Limited Company was converted into a branch of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) under the same commercial registration number and date (Commercial Registration No. 1010428696, dated Safar 18, 1436H, corresponding to December 10, 2014). Similarly, Ishraqa Regional Real Estate Development and Investment Company (a single-member company) was converted into a branch of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) on November 6, 2024, under the same commercial registration number and date (Commercial Registration No. 1010714580, dated Shawwal 18, 1438H, corresponding to July 12, 2017). All legal procedures for this conversion were completed.

Capital Reduction And the amendment to the par value of the share

- According to the Extraordinary General Assembly meeting held on December 19, 2024, it was decided to absorb part of the accumulated losses amounting to SAR 78,705,000 by reducing the capital. A total of 787,050,000 shares were canceled at a nominal value of SAR 0.10 per share, with a reduction of one share for every 3.77 shares. On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

2. Basis of preparation

a) Statement of compliance with International Financial Reporting Standards:

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

b) Basis of measurement:

These financial statements have been prepared on historical cost basis using the accrual basis and going concern assumption.

c) Functional and presentation currency:

These financial statements have been presented in Saudi Riyals, which represents the functional and presentation currency for the Company.

3. Material accounting policy information

The Company's material accounting policy information applied in preparing its financial statements under IFRS are as follows:

a) Cash at banks:

Cash and cash equivalents include cash in banks and cash on hand, which are subject to an insignificant risk of change in value

b) Accounts Receivable

Accounts receivable are amounts due from customers for merchandise or services performed in the ordinary course of business. Accounts receivable are recorded at their transaction price on initial recognition. Subsequent on each reporting date, accounts receivable are shown net of provision for expected credit loss. The Company applies the simplified approach to providing expected credit losses, which requires the use of the lifetime expected loss provision for all trade receivables.

c) Related Parties

Related parties are identified by the Company in accordance with the definition in IAS 24. Related party transactions are transfer of resources, services or obligations between the Company and related parties regardless of whether a price is charged. Terms and conditions of these transactions are approved by the Company's management.

d) Intangible assets

- Intangible assets (except goodwill) are measured at cost less accumulated amortization and accumulated impairment losses, if any.
- Intangible assets are amortized on a straight-line basis over an economic life of 5 years.
- Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably.
- The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively, when necessary.

e) **Goodwill**

The goodwill resulting from acquisition transactions is recognized at the date of acquisition at cost less accumulated impairment (if any).

For the purposes of goodwill impairment reviews, goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the business combination.

The cash-generating unit to which goodwill has been allocated is reviewed for impairment on an annual basis or more frequently when there is an indication that the value of the unit may be impaired. If the recoverable value of the cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to the other assets in the unit proportionately based on the book value of each asset in the unit. Any impairment loss on goodwill is recognized immediately in the statement of profit or loss. An impairment loss recorded for goodwill is not reversed in subsequent periods.

When the relevant cash-generating unit is disposed of, the amount attributable to goodwill is included in determining the gain or loss on disposal.

f) **Property and equipment**

- Property and equipment are stated at cost after deducting the accumulated depreciation and impairment losses (if any).
- Cost includes the cost of replacing parts of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.
- All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred .
- Residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.
- Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Furniture and fixture	10- 20%
Office equipment	20 - 25%
Cars	25%

- An item of property and equipment is derecognized upon sale or when no future economic benefits are expected from its use or disposal. The gain or loss resulting from the disposal of the asset (calculated on the basis of the difference between the net disposal proceeds and the book value of the asset) is included in the income statement when the asset is disposal.

g) **Investment properties**

- Investment property is property (land or buildings - or part of a building - or both):
  - Held by the entity to earn rental income, or
  - Increase in their capital value, or both, and not for use in production or for the supply of goods or services or for administrative purposes, or for sale during normal operations.
- Investment properties are initially measured at cost, including transaction costs.
- After initial recognition, real estate investments are recorded in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses, and land is not depreciated.
- Depreciation is recognized in each period as an expense. Depreciation is calculated on a straight-line basis, with which the facility is expected to consume the expected future economic benefits, excluding land, at the following annual rates:

Buildings	3-50%

- The estimated useful lives are reviewed at the end of each year, and any change in estimates is affected in subsequent periods.
- An impairment test is performed for investment properties that appear in the statement of financial position when any events or changes in circumstances appear that indicate that this value is not recoverable. If any indication of impairment appears, impairment losses are calculated in accordance with the asset impairment policy.
- Upon any subsequent disposal of investment properties, the value of the resulting gain or loss, which represents the difference between the net proceeds of disposal and the value at which these investment properties appear in the statement of financial position, is recognized in profit or loss.

h) **Leases**

The Company determines at the beginning of the contract whether the contract is a lease or involves a lease. A contract is a lease or involves a lease if the contract transfers the right to control an existing use of a specific asset for a period of time in exchange for compensation. In order to assess whether a contract transfers control over a use of a specific asset for a period of time, an entity must assess whether:

- The right to have access to nearly all economic benefits from the use of a substantially determined asset.
- The right to direct control over the use of the specified asset. An entity reserves the right when it has the right to make the most relevant decisions to change the use of the asset and for what purpose. In rare cases where the decision on how to use the asset and for any previously specified purpose, the Company has the right to direct the use of the asset if:
  - The Company has the right to operate the existing property, or
  - The Company designed the assets in a way that predetermines how they will be used and for what purpose.

The Company as a lessee

Right of use assets

- The Company shall recognize the right to use the assets and the lease obligation on the date of commencement of the lease. The right to use the asset is measured initially at cost, which consists of the initial amount of the lease obligation adjusted for any lease payments made on or before the commencement date, in addition to any initial direct costs incurred and the estimated the costs of dismantling and removing a leased asset, restoring the site on which it is located, minus any rent incentives received.
- Right-of-use assets are depreciated over its useful life or the lease term, whichever is shorter. The estimated useful lives of the right to use the asset are determined on the same basis as property, plant and equipment. In addition, the right to use the asset is reduced by an amount of impairment losses, if any, and adjusted for some re-measurement of the liability.

Lease liability

- At the beginning of the lease, the lease liability is measured at the present value of the unpaid lease payments at that date, and the lease payments are discounted using the interest rate implicit in the lease if the rate can be determined easily, and if it is not possible to determine that rate easily then the lessee should use his incremental borrowing rate.
- Payments at the commencement date of the lease contract included in the measurement of the lease obligation consist of the following payments for the right to use the asset in question during the lease term that have not been paid at the commencement date of the lease:
  - Fixed payments less any lease incentives payable.
  - Variable lease payments based on an index or rate initially measured using the index or rate at the commencement date of the lease.
  - Amounts expected to be paid by the lessee under residual value guarantees.
  - The price of the option if the tenant is certain to exercise this option reasonably.
  - Fines payments for termination of the lease if the term of the lease reflects the tenant's exercise of the option to terminate the lease.
- Lease liability is measured at amortized cost using the effective interest method. Re-measurement is made when there is a change in future lease payments arising from a change in the index or price, if there is a change in the entity's estimate of the amount expected to be paid under the residual value guarantee, or if the entity changes the assessment of whether an option to purchase or extend will be exercised.
- When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right to use the asset, or is recognized in profit or loss if the carrying amount of the right to use the asset is reduced to zero.
- The right to use the assets and liabilities of leases are not recognized for short-term leases with a lease term of 12 months or less and leases for low-value assets. The Company recognizes lease payments related to the leases as an expense on a straight-line basis over the term of the lease.

The Company as a lessor

Operating lease income is recognized on a straight-line accrual basis over the lease term. The initial direct costs incurred in negotiating and arranging the operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

i) <u>Impairment of non-financial assets</u>

- At the date of the statement of financial position, non-financial assets that are subject to depreciation or amortization, are reviewed for impairment when events or circumstances occur that indicate a decline in the value of the asset, the entity estimates the recoverable value of this asset and compares it with its recorded value. If the recoverable value is less, the recorded value is reduced to the estimated recoverable value of the cash-generating unit, and the impairment loss is recognized in the income statement by the amount of the decline in value. The recoverable value of the asset is either its fair value less the cost of disposal or its value in use, whichever one is higher. For the purposes of assessing impairment, assets are combined into the lowest levels for which they have identifiable and independent cash flows.

- For the purposes of assessing impairment, assets with the lowest level are aggregated. In which there are largely independent cash flows, impairment of non-financial assets other than goodwill is reviewed for possible reversal at each reporting date.

- Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) **Non-current assets held for sale**

- Non-current assets (or disposal groups) are classified as assets held for sale if the value at which these assets appear in the statement of financial position is recovered through sales operations rather than through continued use. This condition is only met when the probability of sale is high and the asset (or disposal group) is available for direct sale in its current condition and management is committed for the sale or disposal and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
- Non-current assets (or disposal groups) held for sale are measured at the book value at which the asset appears in the statement of financial position or at the fair value less costs to sell, whichever is lower.
- Events or circumstances may extend the period for completion of the sale by more than one year. Extending the period required to complete the sale does not prevent the asset (or disposal group) from being classified as held for sale if the delay is due to events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). This is the case when the following controls are met:
- The entity reasonably expects, on the date it commits to a plan to sell a non-current asset (or disposal group), that others, not the buyer, will impose conditions on the transfer of the asset (or disposal group) that will extend the period required to complete the sale and that:
  - The necessary measures to respond to these circumstances cannot be initiated except after obtaining a confirmed commitment to purchase.
  - A firm purchase commitment is highly likely within one year.
- The entity obtains a firm commitment to purchase and, as a result, the buyer or others unexpectedly impose on the transfer of the non-current asset (or disposal group) previously classified as held for sale conditions that would extend the period necessary to complete the sale:
  - The necessary measures have been taken to meet the conditions in a timely manner.
  - It is expected that a favorable solution will be reached to the delaying factors.
- During the initial one-year period, circumstances arise that were previously considered unlikely to occur, and as a result, the non-current asset (or disposal group) previously classified as held for sale is not sold at the end of that period:
  - During the initial one-year period, the facility takes the necessary action to respond to the change in circumstances.
  - The traded asset (or disposal group) is marketed actively and at a reasonable price, given the change in circumstances.

k) **Accounts payable, accruals and other liabilities**

Liabilities are recognized at the amount payable in the future for goods or services received, whether claimed by the supplier or not.

l) Provision for Zakat and Value Added Tax

- Zakat is measured and recognized in the statement of comprehensive income for each financial period pursuant to Zakat Regulation in the Kingdom of Saudi Arabia. The provision for Zakat is settled in the financial period in which the final assessment of Zakat is issued. Variances between the amount of provision for zakat and the final zakat assessment are recognized in the statement of comprehensive income as a change in estimate at the time of the final assessment.
- Expenses and assets are recorded net of VAT, except in the following cases:
  - When the VAT incurred on the purchase of assets or services is not recoverable from tax authorities, in which case the VAT is included as part of the cost of the asset purchase or as part of the expense item, where applicable, and/or
  - When accounts receivable and payable are presented including the VAT amount.
- The net VAT amount that is recoverable from, or payable to, tax authorities is included as part of receivables or payables in the statement of financial position.

m) Provisions

- Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, 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 Statement of comprehensive income net of any reimbursement.
- If the effect of the time value of money is material, provisions are discounted using current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

n) Post - employment benefits

The Company's post-employment benefits include monthly contributions to General Organization for Social Insurance (GOSI) and gratuity scheme as per the requirements of Kingdom of Saudi Arabia regulations.

(a) *General Organization for Social Insurance (GOSI)*

The monthly contributions to GOSI (separate entity) are categorized as defined contribution plan. The Company recognizes its portion of fixed contribution to GOSI every month as expense. The Company has no legal or constructive obligation to pay any further contribution, its only obligation is to pay contribution as it falls due.

(b) *End of service indemnity*

The Company's gratuity scheme is categorized as a defined benefit plan. The scheme is unfunded and the liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The management calculates the end-of-service indemnity at the reporting date on accrued basis with the amount payable assuming the employees services had ended in accordance with the requirements of the Saudi Labor Law. In the opinion of management, there are no material differences in case the provision calculated according to actuarial assumptions.

o) Revenue Recognition

- Revenue comprise the fair value of consideration received or receivable in exchange for providing goods or services in the ordinary course of an entity's activities. Revenue are presented, net of taxes, discounts and returns. An entity recognizes revenue when the amount of revenue and related costs can be measured reliably and the collectability of the related receivables is likely to be reasonably assured.
- Revenue from rendering of services is recognized when control of the services is transferred to the customer. The Company recognizes revenue to describe the transfer of agreed services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those services. Revenues are recognized through the following steps:
  - Step 1: Identify the contract (Contracts concluded with customers).
  - Step 2: Identify the performance obligations in the contract.
  - Step 3: Determine the transaction price.
  - Step 4: Allocate the transaction price to the performance obligations in the contract.
  - Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

- **Rents revenue**
  - Operating lease revenue is recognized on a straight-line accrual basis over the lease term. The initial direct costs incurred in negotiating and arranging the operating lease are added to the book value of the leased asset and recognized on a straight-line basis over the lease term.
  - There is no significant financing component as sales are made either in cash or on account at terms in line with market practice

p) Expenses

Administrative expenses include all direct and indirect costs that are not classified as part of cost of sales. Common expenses are allocated between cost of sales, administrative expenses, and selling and marketing, if necessary, on a regular basis.

q) Foreign currencies

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year-end are retranslated in Saudi Arabian Riyals at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in Statement of comprehensive income for the year.

r) Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings Per Share

Diluted earnings per share is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued if all potential dilutive ordinary shares were converted into ordinary shares.

s) **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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.
- In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:
  - Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
  - Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
  - Level 3 : inputs are unobservable inputs for the asset or liability.

t) **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.

(a) **Financial assets**

A financial asset is any asset that is:

- Cash
- A contractual right to receive cash or another financial asset from another entity.
- A contractual right to exchange financial instruments with another entity under conditions are potentially favorable to the entity.
- A non-derivative contract for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments.

Classification and initial recognition

- The Entity classifies its financial assets in the following measuring categories:
  - Those to be measured subsequently at fair value (either through income statement, or through other comprehensive income), and
  - Those to be measured at amortized cost.
- The classification depends on the Eentity's business model for managing the financial assets and the contractual terms of the cash flows.
- For assets measured at fair value, gain and losses will either be recorded in income statement or other comprehensive income (OCI). For investment in debt instruments, this will depend on the business model in which investment is held. For investment in equity instruments, this will depend on whether the Entity has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through OCI. The Entity reclassifies debt instruments when and only when its business model for managing those assets changes.
- At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of financial asset not at fair value through income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transactions costs of financial assets carried at fair value through income statement are expensed in the Statement of comprehensive income.

Subsequent measurement

Equity instruments

- The Entity subsequently measures all equity investments at fair value. Where the Entity's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains or losses to income statement. Dividends from such investments continue to be recognized in income statement as other income when the Entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.
- Changes in the fair value of financial assets at fair value through income statement are recognized in other gain / (losses) in the Statement of comprehensive income as applicable.

Debt instruments

Subsequent measurement of debt instruments depends on the Entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Entity classified its debt instruments:

- Amortized cost:
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in income statement when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI):
  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income statement and recognized in the other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through income statement
  Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through income statement. A gain or loss on a debt investment that is subsequently measured at fair value through income statement and is not part of a hedging relationship is recognized in income statement and presented net in the income statement within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period to net the carrying amount on initial recognition.

Impairment

- The Entity assesses on expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
- For trade receivables only, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(b) Financial liabilities

A financial liability is any liability that is:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Initial recognition

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables and long-term loan from government at below market rate of interest.

Subsequent measurement

Entity classifies all financial liabilities subsequent to initial measurement at amortized cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of financial instruments

- The Entity derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.
- On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the income statement. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.
- The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the income statement.

4. Use of Estimates

Preparation of the financial statements and the application of the accounting policies require from the Company's management to perform assessments and assumptions that effect the amounts of financial assets and liabilities, and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenue, expenses, provisions, and changes in the fair value shown within the comprehensive Income and shareholders' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from the conditions and the circumstances of those assessments in the future.

Key Judgments

The company's management assesses its ability to continue as a going concern, including an assessment of the going concern for the twelve months following the date of the financial report. They are confident that they have the resources to continue their activities in the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

Main sources of uncertainty in estimates

We believe that the assessments adopted in the accompanying financial statements are reasonable. The details are as follows:

- Management frequently reviews the financial assets recorded at cost, to assess any impairment in their value. Impairment in value is charged to the income statement.
- The Company applies the simplified approach to provide expected credit losses, which requires the use of a lifetime expected loss allowance for all trade receivables. This will require making reasonable judgments about how changes in economic factors will affect the expected credit loss model.
- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the comprehensive income statement.
- When it is not possible to determine the implicit interest rate in the lease contract, the incremental borrowing rate is estimated to measure the current value of the lease contract based on the interest rate that the company may have to pay to borrow over a similar period and for a similar guarantee to obtain an asset with a value similar to the asset with the right to use in the same economic conditions.
- The calculation of Zakat is includes a significant estimates in respect of certain items, which could not be finally determined until a final decision is reached with the Zakat, Tax, and Customs Authority or on the basis of related legal decisions. The settlement of certain items may result in gain, loss or cash flows.
- The entity's liabilities of defined benefit plan are calculated through estimating amount of future benefit earned by the employees during current and past periods, then discounting that amount to reach the present value. Management has calculated the defined benefit obligation at the reporting date based on the benefit amount that must be paid in accordance with the requirements of the Labor Law and relevant regulations in the Kingdom of Saudi Arabia. In the opinion of management, there are no material differences if the provision is calculated according to actuarial assumptions.
- A provision is set for lawsuits raised against the Company based on an adequate legal study prepared by the Company's legal advisor. Moreover, the study highlights potential risks that may be uncounted in the future. Such legal assessments are reviewed periodically.
- Goodwill is reviewed for impairment at least annually or more when there is an indication of impairment in the value of the cash-generating unit that arises during the year. If the recoverable value of the cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to the other assets in the unit proportionately based on the book value of each asset in the unit. The management has engaged an accredited business valuer to measure the recoverable value of goodwill through approved valuation methods appropriate to the nature of the cash-generating unit.
- Management uses the services of independent accredited valuers to obtain estimates of the fair value of investment properties using recognized valuation methods for the purpose of reviewing impairment and disclosing the fair value in the financial statements.

5. Accounts receivable - Net

a) This item consists of the following:

	2025	2024
	(SR)	(SR)
Accounts receivable	12,651,139	9,964,718
Less: Provision for expected credit losses	(10,091,388)	(6,902,865)
Net	**2,559,751**	**3,061,853**

b) Movement of provision for expected credit losses during the year was as follows:

	2025	2024
	(SR)	(SR)
Balance at the beginning of the year	6,902,865	5,666,970
Additions during the year	3,196,324	1,892,641
Written off during the year (*)	(7,801)	(656,746)
Balance at the end of the year	**10,091,388**	**6,902,865**

(*) During the current year, an amount of SAR 7,801 was written off from accounts receivable as it was deemed uncollectible (2024: SAR 656,746).

c) The following presents the analysis of accounts receivable as of:

	2025	2024
	(SR)	(SR)
Balances not yet due	2,454,092	2,440,195
1-90 days	213,635	611,949
91-180 days	518,881	1,922,666
181-270 days	1,649,778	172,685
271-365 days	170,954	99,122
More than 365 days	7,643,799	4,718,101
Total	**12,651,139**	**9,964,718**

6. Other debit balances – Net

This item consists of the following:

	2025	2024
	(SR)	(SR)
Advance payments against purchase of assets	1,500,000	1,500,000
Employees receivables	36,953	69,770
Other	35,492	71,164
Total	**1,572,445**	**1,640,934**
Impairment provision (*)	(1,500,000)	(1,500,000)
Net	**72,445**	**140,934**

(*) The movement on the impairment provision was as follows:

	2025	2024
	(SR)	(SR)
Balance at the beginning of the year	1,500,000	1,500,000
Balance at the end of the year	**1,500,000**	**1,500,000**

7. Due from / to related parties

a) This item consists of the following:

	Relationship	Nature of transaction	2025 Debit (Credit)	Transactions during the year Debit	Transactions during the year Credit	2024 Debit (Credit)
			(SR)	(SR)	(SR)	(SR)
Mashal bin Mohammed bin Hassan Al-Mufti	Former Board Member	7/C	(900,000)	5,380,000	-	(6,280,000)
Ibrahim bin Kulaib	CEO and Vice Chairman of the Board of Directors	Custody	-	637,440	(636,722)	(718)
Due to related parties			(900,000)			(6,280,718)

b) The related party balances do not bear interest and there is no specified schedule for repayment except as detailed in paragraph (c).

c) On August 7, 2024, a Share Purchase Agreement was signed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) (the buyer) and Mr. Mashal bin Mohammed bin Hassan Al-Mufti (the seller, a Former Board Member, and the owner of non-controlling shares in The Elegant Centers Company Limited Company, a subsidiary). The seller owns 750,000 shares, representing 13.04% of the share capital of The Elegant Centers Limited Company, and intends to sell them to Al-Baha Investment and Development Company for SAR 19,600,000, to be paid as follows

- The buyer shall pay the purchase price within one calendar year from the effective date. The buyer has the right to extend the payment period for one or more additional similar periods upon notification to the seller.
- The buyer shall pay 20% of the purchase price, amounting to SAR 3,920,000, on the effective date.
- The remaining 80% of the purchase price, amounting to SAR 15,680,000, shall be paid within the payment period or any extension thereof, as per the terms of the agreement.
- The first installment of SAR 3,920,000 was paid on October 1, 2024, and the legal procedures were completed, with ownership transfer finalized on the same date.
- After this date, Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) paid SAR 14,780,000, leaving an outstanding balance due to the related party (Mr. Mashal bin Mohammed bin Hassan Al-Mufti) of SAR 900,000.
- On September 8, 2025 Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) notified Mr. Mishaal bin Mohammed bin Hassan Mufti (the seller and former board member) of the company's request to extend the deferral period for the settlement of amounts due to him for an additional one-year term, effective from the end of the current deferral period.

d) The salaries and benefits relating to senior management and the Board of Directors during the year were as follows:

	2025	2024
	(SR)	(SR)
Salaries and benefits - Short-term	917,520	909,801
Benefits - Long term	394,190	296,670
Total	**1,311,710**	**1,206,471**

e) The terms of the transactions with the related parties were approved by the management.

8. Goodwill - Net

The goodwill recognized in the financial statements arose as a result of the acquisition of cash-generating unit Ishraqa Real Estate Development and Investment (Company's branch) during the year 2017, and the movement therein is detailed below:

	2025	2024
<u>Cost</u>	(SR)	(SR)
Balance at the beginning of the year	28,389,288	28,389,288
Balance at the End of the year	**28,389,288**	**28,389,288**
<u>Accumulated impairment</u>		
Balance at the beginning of the year	6,230,224	6,230,224
Balance at the End of the year	**6,230,224**	**6,230,224**
Net book value	**22,159,064**	**22,159,064**

- The Company tests the impairment of goodwill on an annual basis by using assistance of an external independent business valuer, this is with the aim of verifying whether there is an impairment on the value of goodwill by comparing the book value of the cash-generating unit with the recoverable value, which is determined by the cost method and the adjusted net asset value method which was assigned a weigh of 100%. However, when calculating the recoverable value using the income method and the discounted cash flow method, the evaluation result was negative, and therefore this method was ignored, with a weight of zero%.
- The cost method and the adjusted net assets method were relied upon to evaluate the Ishraqa Real Estate Development and Investment (Company's branch), since it derives its value substantially from the investment property (Al-Izdihar Complex), whose book value is SR 69,152,195 as of December 31, 2025 (note 11/c). The following is a summary of the calculation of the fair value of the net assets and the value of the goodwill as of December 31:

	2025	2024
	(SR)	(SR)
Net assets at book value	20,856,111	17,401,294
Less : Investments property at book value (note 11/c)	(69,152,195)	(69,350,008)
Add : Investments property at fair value (note 11/c)	111,845,000	109,212,000
Fair value of net assets	**63,548,916**	**57,263,286**
Less : net assets at book value	(20,856,111)	(17,401,294)
Excess of the fair value over the carrying amount for net assets	**42,692,805**	**39,861,992**

- The fair value of investment properties was reached by relying on real estate valuation reports carried out by a valuation expert (Mawazeen Company, a member of the Saudi Authority for Accredited Valuers, Membership No. 1210002023 on December 31, 2025 (2024: According to the evaluation by the valuation expert ((Taqdeer Company, a member of the Saudi Authority for Accredited Valuers, Membership No. 1210000414 (Note 11).
- Property and equipment recorded in the financial statements as of December 31, 2025 and 2024 were ignored because they were not material, as their book value amounted to SR 135,535 and SR 188,333, respectively.
- The evaluation was carried out using the cost method that falls within international standards and is approved by the Saudi Authority for Accredited Valuers.
- The evaluation of the cash generation unit Ishraqa Regional Real Estate Development and Investment (company branch) was carried out for by Alpha Consulting Company - assessor Azam Al-Mufada - license number (3912000019) for the years 2025 (2024: by Alpha Consulting Company - Azam Al-Mufada - license number (3912000019).

9. Intangible assets - net

This item consists of the following:

	Computer programs	
	2025	2024
Cost	(SR)	(SR)
Balance at the beginning of the year	18,900	57,803
Disposals during the year	-	(38,903)
Balance at the End of the year	**18,900**	**18,900**
Accumulated amortization		
Balance at the beginning of the year	18,899	56,498
Addition during the year	-	1,303
Disposals during the year	-	(38,902)
Balance at the End of the year	**18,899**	**18,899**
Net book value	**1**	**1**

10. Lease liabilities

The company concluded a lease contract for a real estate complex (Al Suwaidi Complex) as follows:

- The contract period is eleven years.
- The rental value is paid semi-annually and according to the terms of the contract.
- These right-of-use assets are used to rent to others, it generates rental income by an amount of SR 2,220,284 for current year (2024: SR 2,194,000), and the operating expenses for these assets by an amount of SR 1,813,856 for current year (2024: SR 1,874,073)
- The right-of-use assets have been classified under investment properties due to their use in generating rental income.
- The interest rate that was used to calculate and discount the right of use assets is 4%.
- The following is the movement on the lease liability account during the year ended:

	2025	2024
	(SR)	(SR)
Balance at the beginning of the year	10,469,651	11,327,989
Finance cost	391,756	450,976
Paid during the year	(2,213,987)	(1,309,314)
Balance at the end of the year	**8,647,420**	**10,469,651**

- The following is a summary for lease liability contracts according to their due date:

	Minimum lease payments		The present value of the minimum lease payments	
	2025	2024	2025	2024
	(SR)	(SR)	(SR)	(SR)
Less than one year	2,547,695	2,298,459	2,269,100	1,959,964
From one to five years	7,401,557	9,864,776	6,378,320	8,509,687
More than five years	-	-	-	-
Total	9,949,252	12,163,235	8,647,420	10,469,651
Future financing interest	(1,301,832)	(1,693,584)	-	-
The present value of the minimum lease payments	8,647,420	10,469,651	8,647,420	10,469,651

- Presented in the financial statements under:

	2025	2024
	(SR)	(SR)
Current portion	2,269,100	1,959,964
Non-current portion	6,378,320	8,509,687
Total	**8,647,420**	**10,469,651**

11. Investment properties - net

a) This item consists of the following:

December 31, 2025	Lands (SR)	Buildings (SR)	Advance payments for improvements of investment properties (SR)	Total (SR)
Cost				
Balance at beginning of the year	179,919,738	80,079,202	230,948	260,229,888
Transfer from Advance payments		230,948	(230,948)	-
Addition during the year	-	393,931	-	393,931
Balance at end of the period	**179,919,738**	**80,704,081**	**-**	**260,623,819**
Accumulated Depreciation				
Balance at beginning of the year	-	17,024,474	-	17,024,474
Addition during the year	-	3,680,480	-	3,680,480
Balance at end of the year	**-**	**20,704,954**	**-**	**20,704,954**
Accumulated impairment				
Balance at beginning of the year	9,121,411	-	-	9,121,411
Reversal during the year	(338,415)	-	-	(338,415)
Balance at end of the year	**8,782,996**	**-**	**-**	**8,782,996**
Net book value	**171,136,742**	**59,999,127**	**-**	**231,135,869**
December 31, 2024				
Cost				
Balance at beginning of the year	179,919,738	79,902,784	-	259,822,522
Additions for the year	-	176,418	230,948	407,366
Balance at end of the year	**179,919,738**	**80,079,202**	**230,948**	**260,229,888**
Accumulated Depreciation				
Balance at beginning of the year	-	13,453,834	-	13,453,834
Depreciation for the year	-	3,570,640	-	3,570,640
Balance at end of the year	**-**	**17,024,474**	**-**	**17,024,474**
Accumulated impairment				
Balance at beginning of the year	10,307,079	-	-	10,307,079
Reversal during the year	(1,185,668)	-	-	(1,185,668)
Balance at end of the year	**9,121,411**	**-**	**-**	**9,121,411**
Net book value	**170,798,327**	**63,054,728**	**230,948**	**234,084,003**

b) Included within the buildings category is the right-of-use asset for a real estate complex (Al-Suwaidi Complex) with a net book value of SAR 6,961,507 for the year ended December 31, 2025 (2024: SAR 8,666,367). The details of this item are as follows:

- The lease term is eleven years.
- The lease payments are made semi-annually in accordance with the contract terms.
- These assets are used for leasing to third parties.

c) The following is a summary of the fair value and book value of investment properties as of December 31:

December 31, 2025

Property description	Valuation method	Book Value (SR)	Fair Value (SR)	Value increase (Value decrease) (SR)	Evaluation entity	Evaluator name	License number	Rental Income	Operating Expenses
AlHazm Complex	Cost method (replacement cost)	18,956,206	23,009,000	4,052,794	Mawazeen	Khalid Anad Al-Enazi	1210002023	873,601	200,006
AlMalaz Complex	Cost method (replacement cost)	109,787,000	109,787,000	-	Mawazeen	Khalid Anad Al-Enazi	1210002023	7,242,073	1,175,389
The Saudi factory	Cost method (replacement cost)	26,278,961	44,478,000	18,199,039	Mawazeen	Khalid Anad Al-Enazi	1210002023	2,154,165	395,456
Al-Ezdihar Complex	Cost method (replacement cost)	69,152,195	111,845,000	42,692,805	Mawazeen	Khalid Anad Al-Enazi	1210002023	5,782,974	746,205
Al-Suwaidi Complex	Income method Discounted cash flow method	6,961,507	10,168,256	3,206,749	Mawazeen	Khalid Anad Al-Enazi	1210002023	2,220,284	1,813,856
Total		231,135,869	299,287,256	68,151,387				18,273,097	4,330,912

December 31, 2024

Property description	Valuation method	Book Value (SR)	Fair Value (SR)	Value increase (Value decrease) (SR)	Evaluation entity	Evaluator name	License number	Rental Income	Operating Expenses
AlHazm Complex	Income method Discounted cash flow method	19,117,211	23,427,000	4,309,789	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414	953,093	203,976
AlMalaz Complex	Income method Discounted cash flow method	110,276,000	110,276,000	-	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414	6,651,957	1,305,228
The Saudi factory	Cost method (replacement cost)	26,674,417	38,434,000	11,759,583	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414	2,350,000	396,540
Al-Ezdihar Complex	Cost method (replacement cost)	69,350,008	109,212,000	39,861,992	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414	5,949,468	715,605
Al-Suwaidi Complex	Income method Discounted cash flow method	8,666,367	12,460,487	3,794,120	Taqdeer	Hamad bin Abdullah Al-Hamad	1210000414	2,194,000	1,874,073
Total		234,084,003	293,809,487	59,725,484				18,098,518	4,495,422

12. Property And Equipment –Net

This item consists of the following:

	Furniture and fixture	Office equipment	Cars	Machines and equipment	Tools	Total
December 31, 2025						
Cost	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
Balance at beginning of the year	158,446	47,033	723,837	-	-	929,316
Addition during the year	27,495	7,908	111,975	-	-	147,378
Disposal during the year	-	-	(129,390)	-	-	(129,390)
Balance at end of the year	**185,941**	**54,941**	**706,422**	-	-	**947,304**
Accumulated Depreciation						
Balance at beginning of the year	100,678	38,726	496,535	-	-	635,939
Addition during the year	17,544	4,799	103,824	-	-	126,167
Disposal during the year	-	-	(129,390)	-	-	(129,390)
Balance at end of the year	**118,222**	**43,525**	**470,969**	-	-	**632,716**
Net book value	**67,719**	**11,416**	**235,453**	-	-	**314,588**
December 31, 2024						
Cost						
Balance at beginning of the year	999,934	3,039,349	2,236,973	34,382,005	173,371	40,831,632
Disposals during the year	(841,488)	(2,992,316)	(1,513,136)	(34,382,005)	(173,371)	(39,902,316)
Balance at end of the year	**158,446**	**47,033**	**723,837**	-	-	**929,316**
Accumulated Depreciation						
Balance at beginning of the year	930,504	3,023,022	1,857,384	34,382,005	173,371	40,366,286
Depreciation during the year	11,662	8,020	106,199	-	-	125,881
Disposal during the year	(841,488)	(2,992,316)	(1,467,048)	(34,382,005)	(173,371)	(39,856,228)
Balance at end of the year	**100,678**	**38,726**	**496,535**	-	-	**635,939**
Net book value	**57,768**	**8,307**	**227,302**	-	-	**293,377**

13. Non-current assets held for sale and provision for potential claims - net

On February 6, 2011, the company signed a contract with Al- Sata'ah Modern General Contracting Company according to which the company purchased:

- A crusher with all its equipment, its vehicles, and all movable and fixed assets without its financial liabilities.
- The ready-made concrete project and its movable and fixed assets without their financial receivables.
- The hydrochloric factory (under construction) in addition to its equipment without their financial liabilities.

This is in return for assets with a book value of SR 74,003,717, in addition to paying an amount of SR 10 million in four installments according to certified checks.

The company has done the following:

1) According to the minutes of the Ordinary General Assembly of the company, which was held on April 26, 2011, in which the vote on the bartering assets agreement with the Sata'ah Modern General Contracting Company was postponed to another meeting of the Assembly, after the completion of the required reports and studies.
2) The company contracted with a specialized office to carry out the due diligence examination of the assets of the Al- Sata'ah Modern General Contracting Company, subject of the agreement, and the office issued the due diligence report on September 17, 2011, and those assets were only valued at SR 17,300,559.
3) The company announced on the Tadawul website on September 18, 2011 the issuance of the results of the due diligence report on evaluating the assets of the Al- Sata'ah Modern general Contracting Company, and in view of the large difference between the evaluation result of the assets of the Al-Sata'ah Modern general Contracting Company and the value of the assets of Al-Baha Company offered for barter with the assets of the Al- Sata'ah Modern General Contracting Company, the management of Al-Baha Investment and Development Company discussed the evaluation results with the management of the Al- Sata'ah Modern General Contracting Company.
4) The company announced on the Tadawul website on October 1, 2011 the results of its negotiations with the Al- Sata'ah Modern General Contracting Company, which resulted in the Al- Sata'ah Modern general Contracting Company not accepting the results of the due diligence report and also refused to return the amount of 7 million Saudi riyals, that the company had paid in advance as part of the contract. As a result of that, the company canceled the contract with Al- Sata'ah Modern general Contracting Company and a lawsuit was filed in the Judicial Council demanding that Al- Sata'ah Modern general Contracting Company to return the amount paid, A final judgment was issued in the case from the Judicial Council in Jeddah on 24/6/1434 (H) that includes approval of the initial judgment issued by Administrative Court in Jeddah to complete the implementation of the contract. On February 9, 2017, the company received a copy of the judgment of the Execution Department of the General Court in Baljurashi, which states that by looking at the ruling issued by the Judicial Council, it was found that the items to be implemented were not specified, and the ruling of Execution Department ended with stopping the implementation until the the judgment issued by the Judicial Council is corrected so it determines the clauses to be executed clearly and precisely for each clause. Also, the ruling the Execution Department stipulated the right to object by the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy, and the case is still pending with the concerned courts. The company has decided to provide a provision that covers all losses resulting from that operation in the amount of SR 68,699,441.

5) During the year 2017, the company reversed the increase in the previously formed asset exchange provision, amounting to SR 1,996,283, so that the balance of the asset exchange provision after reversing the increase amounted to SR 66,703,158.

6) On March 6, 2018, the explanatory decision was issued by the Commercial Court in Jeddah, Second Circuit, specifying the items to be implemented as follows:

   First: oblige Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) to pay 3 million Saudi riyals to the Al- Sata'ah Modern general Contracting Company.

   Second: oblige Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) to effectively waive the entire 134 plots of land with the notary, which it owns by 50% of the entire land in the Al-Mrouj scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, in favor of the Al- Sata'ah Modern General Contracting Company.

   Third: oblige Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) to waive to the Al- Sata'ah Modern General Contracting Company the entire contents of the poultry project and the land on which the project is based, which is owned by Al-Baha Investment and Development Company.

7) On April 19, 2018, the company filed an appeal with the Commercial Court in Jeddah. On November 5, 2018, the company received a report from a lawyer stating that the appealed judgment was overturned. On November 8, 2018, the company submitted the list objecting to the department's interpretation of the ruling, and on January 9, 2019, the Second Commercial Circuit of the Commercial Court in Jeddah decided to issue its preliminary ruling to adhere to its previous decision dated 19/6/1439 (H) which ruled that the term intended to oblige the parties to the lawsuits to complete the implementation of the contract concluded between them the subject of this case dated 03/03/1432 (H) and on February 24, 2019 (G), the company filed its appeal against the judgment received on January 27, 2019 (G). On 5/7/1442 (H) corresponding to February 17, 2021, the department decided to accept the objection in form and reject it in substance, and support the judgment of the Second Circuit (in the Commercial Court in Jeddah in the case) and the judge decided to implement the items referred to in Clause No. 6. Accordingly, the company decided to increase the provision for potential claims by an amount of SR 17,300,559, which was recorded in the statement of comprehensive income for the year ended on December 31, 2020.

8) During the year 2022, a final judgment was issued against Al-Baha Investment and Development Company, and the company had to implement what was stated in item No. 6 above, accordingly, during the year 2022, the company paid an amount of 3 million Saudi riyals, and the rest of the aforementioned items are being implemented.

9) The company has recorded a provision for the loss arising from an asset exchange agreement with Al-Sat'ah Al-Haditha General Contracting Company. The company's management believes that the assets to be acquired in the exchange transaction are of little significance and have a substantial decline in value due to their age. Consequently, a provision has been made for these assets based on their book value, in relation to the performance obligations the company is committed to fulfilling towards the other party, as the best estimate of the loss value based on the information available to the company's management.

10) During the year 2024, an amount of SAR 47,866,894, representing the land of the poultry project and its associated assets, along with the provision recognized for these non-current assets held for sale, was derecognized. The ownership of the land and its contents was transferred to Al-Sat'ah Al-Haditha General Contracting Company on October 9, 2024.

11) The following are the details of the net non-current assets held for sale as a result of the asset exchange agreement with Al-Sat'ah Al-Haditha General Contracting Company:

Description	The transferable book value of the performance obligation according to the barter agreement/ December 31, 2025	The transferable book value of the performance obligation according to the barter agreement/ December 31, 2024
	(SR)	(SR)
Real estate - Taif lands	9,000,000	9,000,000
Poultry project land and its contents - Al-Aqiq	-	-
Investment in Al-Baha national College	17,136,823	17,136,823
Total	**26,136,823**	**26,136,823**
Provision for potential losses against non-current assets held for sale (*)	(26,136,823)	(26,136,823)
Net	-	-

(*) The movement on the provision was as follows:

	2025	2024
	(SR)	(SR)
Balance at beginning of the year	26,136,823	74,003,717
Used during the year	-	(47,866,894)
Balance at end of the year	**26,136,823**	**26,136,823**

14. Other credit balances

This item consists of the following:

	2025 (SR)	2024 (SR)
Advance payments from customers	2,900,842	2,594,974
Accrued expenses	2,750,976	3,036,281
VAT	224,465	3,238
Other	11,064	5,433
Total	**5,887,347**	**5,639,926**

15. Auction shares deposits under settlement

The company obtained the approval of the Capital Market Authority on Rabi' al-Awwal 25, 1430 H, corresponding to March 22, 2009, to sell the unpaid shares to collect the value of the last installment of (SR 2.5) per share. The company started the sale process on June 28, 2009 until December 31, 2009, (984,032 shares) were sold for an amount of (SR 14,325,234) according to the offers submitted in the auction, The amount was fully collected, the amount is (SR 2.5), which represents value of 25% of the remaining share value, thus the amount of SR 2,113,074 was used to complete the capital to become SR 150,000,000 million fully paid, while the remaining amount of SR 12,212,160, will be returned as a surplus to the shareholders who are late in paying the last installment, and whose shares were sold in auction. The remaining outstanding amount is SR 10.472.637 as of December 31, 2025 (December 31, 2024: SR 10.512.801).

On Rajab 20, 1443 H, corresponding to February 21, 2022, the company's shareholders approved in the Extraordinary General Assembly to increase the company's capital from SR 177,000,000 to SR 297,000,000, 12,000,000 shares were subscribed, 10,735,702 shares were sold to priority rights holders, and the number of unsubscribed shares reached 1,264,298 shares were sold at a value of SR 23,837,933, this resulted in an amount of SR 11,194,953 that will be refunded to the unsubscribed shareholders, On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares and the remaining value amounted to SR 794.148 as of December 31, 2025 (December 31, 2024: SR 694,255).

16. Zakat provision

The movement on the Zakat provision was as follows:

	2025 (SR)	2024 (SR)
Balance at beginning of the year	2,112,527	5,825,132
Charged during year	118,197	93,488
Paid during year	(2,112,527)	(3,635,108)
Provision no longer needed (Note 22)	-	(170,985)
Balance at end of the year	**118,197**	**2,112,527**

The main elements of the Zakat base was as follows:

	2025 (SR)	2024 (SR)
Shareholders' equity	241,303,000	236,390,110
Opening provisions and other adjustments	12,419,327	20,163,335
Book value of non-current assets	(253,609,522)	(256,536,445)
Total	**112,805**	**17,000**
Adjusted Net Income	**6,864,491**	**8,392,608**
Minimum Zakat Base	**4,585,385**	**3,616,900**
Maximum Zakat Base	**241,303,000**	**236,390,110**

The Zakat status of Darb Saudi Investment Company (previously Al-Baha Investment and Development Company):

- All zakat and tax returns were submitted up to the fiscal year ending on December 31, 2024, and the Company obtained final zakat certificate for the year 2024.
- The Company obtained approval from the Zakat, Tax and Customs Authority to settle the Zakat liabilities for the year 2023 in 12 monthly installments amounting to SR 403,807, starting from July 2024 until June 2025. During the current year, all related Zakat liabilities have been fully settled.
- The final Zakat assessment was made by the Authority for the years from 2014 to 2018 and paid all its Zakat obligations accordingly. For the years 2021, 2022 and 2023, the Authority issued its final assessment stating that no zakat differences were due.
- During the fiscal year ending on 31 December 2021, the company received letters from the Authority requesting additional documents to examine the Zakat and tax returns for the years 2019 and 2020, and the Authority was provided with the required data, and no evaluation was issued against the company in this regard.
- During the financial year ended 31 December 2025, the Company received a letter from the Authority requesting documents related to the Zakat return for the year 2024. The requested documents were provided, and the matter is currently under review by the Authority. No assessment has been issued as of the reporting dat.
- During the financial year ended 31 December 2025, the Zakat, Tax and Customs Authority issued the final assessment for the year 2024 based on the tax returns submitted for that year. The Authority concluded its final assessment with no additional tax differences payable.

17. Employees defined benefit obligation

This item consists of the following:

	2025	2024
	(SR)	(SR)
Balance at beginning of the year	435,479	330,984
Charged during the year	144,060	104,495
Paid during the year	(59,860)	-
Balance at end of the year	**519,679**	**435,479**

18. Share capital

According to the Extraordinary General Assembly Meeting held on December 19, 2024, it was decided to absorb part of the accumulated losses amounting to SAR 78,705,000 by reducing the capital. A total of 787,050,000 shares were canceled at a nominal value of 0.10 per share, with a reduction of one share for every 3.77 shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

The company's capital amounting to SAR 218,295,000 is divided into 2,182,950,000 nominal shares of equal value, each with a nominal value of 0.10 halalas, all of which are ordinary shares. On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. All regulatory procedures were completed, including amending the company's articles of association and commercial registration.

19. Cost of revenues

This item consists of the following:

	2025	2024
	(SR)	(SR)
Depreciation of investments property	3,680,480	3,570,640
Repair and maintenance	282,917	506,093
Electricity and water	367,515	418,689
Total	**4,330,912**	**4,495,422**

20. General & Administrative expenses

This item consists of the following:

	2025	2024
	(SR)	(SR)
Salaries , wages and other benefits	1,788,213	1,705,380
Professional and legal expenses	1,475,340	1,990,564
Governmental expenses	219,079	136,365
Amortization of intangible assets	-	1,303
Depreciation of property and equipment	126,167	125,881
Rents	2,500	30,000
Insurance	118,810	125,304
Other	229,515	189,887
Total	**3,959,624**	**4,304,684**

21. Finance cost

This item consists of the following:

	2025	2024
	(SR)	(SR)
Finance cost from lease liability	391,756	450,976
Total	**391,756**	**450,976**

22. Other Income

This item consists of the following:

	2025	2024
	(SR)	(SR)
Gain on disposal of property and equipment	16,000	53,910
Zakat provision no longer needed (Note 16)	-	170,985
Other	147,724	103,738
Total	**163,724**	**328,633**

23. Basic and diluted earnings per share for the shareholders of the parent company

Earnings per share is calculated on the basis of the net results for the year attributable to the shareholders of the parent company divided by the weighted average number of issued shares. Diluted earnings per share is the same as basic earnings since the Company had no dilutive instruments issued during the year.

On April 8, 2025, the Extraordinary General Assembly Meeting was held, and it was voted to amend the nominal value of the share to become One Saudi Riyal instead of ten halalas (0.10) per share; accordingly, the number of shares becomes 218,295,000 nominal shares instead of 2,182,950,000 nominal shares. As a result, the weighted average number of shares was adjusted to 218,295,000 shares. In accordance with the requirements of International Accounting Standard (IAS) 33 – Earnings per Share, the weighted average number of shares has been retrospectively adjusted for all periods presented, as follows:

	2025	2024
	(SR)	(SR)
Net income for Shareholders of the parent company	6,778,423	8,375,608
Weighted average number of shares:	**Share**	**Share**
Shares issued at the beginning of the year	218,295,000	218,295,000
Weighted average number of shares	218,295,000	218,295,000
The basic and diluted share of profit to shareholders of the parent company	0.031052	0.038368

24. Lawsuits

- A lawsuit has been filed between Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) and Al-Sat'ah Al-Haditha Company, with the details of the case outlined in note (13).
- A legal case has been filed by Darb Saudi Investment Company (previously Al-Baha Investment and Development Company) against the former members of the Board of Directors for the term from 10 February 2010 to 9 February 2013, with the Capital Market Authority, demanding joint and several compensations in the amount of SR 100,000,000.
  The CMA has issued an approval to file the complaint with the Committee for the Resolution of Securities Disputes (CRSD). An additional SR 15 million has been claimed, representing legal fees.
- There are legal claims filed by third parties against Darb Saudi Investment Company with specified claim amounts totaling SR 25,437,622. Final judgments have been issued in favor of the Company, ruling non-admission and dismissal of these claims. Accordingly, management does not consider that there are any contingent liabilities or provisions required to be recognized in respect of these cases as of the date of the financial statements.
- Ongoing lawsuits filed by the Company concerning the branch of Elegant Centers Company Limited, related to rents and related matters, with claim amounts totaling SR 6,378,181. The Company has recognized a provision for the related receivables.
- Ongoing lawsuits filed by the Company concerning the branch of Ishraqa Regional Real Estate Development and Investment, related to rents and related matters, with claim amounts totaling SR 4,576,178. The Company has recognized a provision for the related receivables.

25. Segments Information

The following is the significant segment information that the Company has at the date of the financial statements:

	2025			2024		
Description	Assets	Liabilities	Total comprehensive income comprehensive) (Loss	Assets	Liabilities	Total comprehensive income comprehensive) (Loss
	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
Head quarters	22,395,197	16,083,668	(2,076,880)	22,268,447	23,497,347	(1,806,542)
Commercial Centers	235,713,642	12,193,221	8,855,303	237,867,898	13,585,471	10,182,150
Total	258,108,839	28,276,889	6,778,423	260,136,345	37,082,818	8,375,608

Geographical segments: The company provides all its services within a specific economic environment within the Kingdom of Saudi Arabia.

26. Financial Risk Management

- The Company's principal financial liabilities comprises of bank facilities, trade and other payables and due to related parties balance. The main purpose of these financial liabilities is to finance the Company's operations. The Company principal financial assets include cash and cash equivalents, trade and other receivables and due from related parties.
- The company is exposed to market risk, credit risk, liquidity risk and environmental and climatic changes risk. The Company's senior management oversees the management of these risks. The company reviews and agrees policies for managing each of these risks, which are summarized below:

a) Capital Risk:

The components of capital are reviewed on a regular basis and the cost of capital and the risks associated with it are taken into account. Capital is controlled to ensure business continuity and increase returns by achieving the optimal balance between equity and debt. Net debt is calculated on the basis of total loans (including loans Current and non-current as stated in the financial position) minus cash and bank balances. Total capital is calculated on the basis of equity as shown in the financial position plus net debt.

b) Foreign Currency Risk:

- Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- Exchange rate risk arises as a result of executing commercial transactions in foreign currencies, which imposes a certain type of risk as a result of fluctuations in the exchange rates of these currencies during the year.

c) **Interest Rate Risk:**

- Interest rate risk is the risk that the value of a financial Instrument will fluctuate due to changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from depositing in bank and borrowings.

d) **Other price risk:**

- The risk arising from the fluctuation of the fair value or future cash flows of a financial instrument due to changes in market prices (excluding those arising from interest rate risk or exchange rate risk) Whether these changes are caused by factors specific to the individual financial instrument or the entity that issued it, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity instruments.
- The Company is not subject to other price risk.

e) **Credit Risk:**

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Credit policies are maintained to state dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the period are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.
- Refer to Note No. (5), which shows the time analysis of the aging of receivables and the provision for expected credit losses.

f) **Liquidity Risk:**

- Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulties in raising funds to meet its commitments.
- The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.
- Below are the details of working capital:

	2025	2024
	(SR)	(SR)
Current assets	4,499,317	3,599,900
Current liabilities	21,378,890	28,137,652
Net	**(16,879,573)**	**(24,537,752)**

- The deficit in working capital amounted to SR 16.879.573 as of December 31, 2025 (24,537,752: as of December 31, 2024). The company's management does not believe that there are significant issues regarding liquidity to meet the future obligations.

- The following is a maturity analysis of assets and liabilities at the date of the financial statements:

	2025			2024		
Description	During 12 months	After 12 months	Total	During 12 months	After 12 months	Total
Assets	(SR)	(SR)	(SR)	(SR)	(SR)	(SR)
Cash and cash equivalents	1,867,121	-	1,867,121	397,113	-	397,113
Trade receivables - net	2,559,751	-	2,559,751	3,061,853	-	3,061,853
Other debit balances - net	72,445	-	72,445	140,934	-	140,934
Total	4,499,317	-	4,499,317	3,599,900	-	3,599,900
Liabilites						
Accounts payable	937,461	-	937,461	937,461	-	937,461
Other credit balances	5,887,347	-	5,887,347	5,639,926	-	5,639,926
Auction shares deposits under settlement	11,266,785	-	11,266,785	11,207,056	-	11,207,056
Due to related parties	900,000	-	900,000	6,280,718	-	6,280,718
Lease liability	2,269,100	6,378,320	8,647,420	1,959,964	8,509,687	10,469,651
Total	21,260,693	6,378,320	27,639,013	26,025,125	8,509,687	34,534,812

g) **Fair value:**

The carrying amounts of financial instruments is approximately equal to the fair value.

27. New and Revised International Financial Reporting Standards and Interpretations

a) New and revised IFRSs and interpretations issued that became effective:

The following new and amended IFRS, which became effective for the financial periods commencing on or after 1 January 2025, were followed in the preparation of the Company's financial statements and did not have a material impact on the amounts and disclosures contained in the financial statements in the current period as follows:

IFRS or Interpretation	Description	Effective Date
International Accounting Standard (21)	Lack of Exchangeability	January 1, 2025

b) New and revised IFRSs and interpretations that are not effective yet:

The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Description	Effective Date
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to: IFRS 1 IFRS 7 IFRS 9 IFRS 10 IAS 7	Annual Improvements to IFRS Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to International Accounting Standard (IAS) 21	Translation into a Hyperinflationary Presentation Currency	January 1, 2027
IFRS 19	Subsidiaries Without Public Accountabillity: Disclosures	January 1, 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional application / Effective date deferred indefinitely
International Financial Reporting Standard (S1) International Financial Reporting Standard (S2)	General Requirements for Disclosure of Sustainability-related Financial Information. Climate-related disclosures.	1 January 2024 (Subject to endorsement by relevant regulatory authorities)

The standards, interpretations, and amendments effective as of January 1, 2025, have no material impact on the Company's financial statements. As for the other standards, interpretations, and amendments mentioned above, the Company is currently assessing their impact on the financial statements upon adoption.

28. Subsequent Events

Management believes that there have been no significant subsequent events since the end of the financial year on 31 December 2025 that could have a material impact on the Company's financial statements.

29. Approval of financial statements

These financial statements were approved for issuance by the Board of Directors on Sha'aban 13, 1447(H) corresponding to February 1, 2026(G).

30. General

The figures in the financial statements are rounded to the nearest Saudi Riyal