

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

Index	Page
1. Independent auditor's review report on the condensed consolidated interim financial statements	1
2. Consolidated interim statement of financial position	2
3. Consolidated interim statement of profit or loss and other comprehensive income	3
4. Consolidated interim statement of changes in equity	4
5. Consolidated interim statement of cash flows	5
6. Notes to the condensed consolidated interim financial statements	6 - 16

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA

(1/1)

INTRODUCTION

We have reviewed the accompanying consolidated interim statement of financial position of Twareat Medical Care Company (the "Company"), a Saudi Joint Stock Company and its subsidiary (collectively referred to as "the Group") as at June 30, 2025 and the related consolidated interim statement of profit or loss and other comprehensive income, the consolidated interim statements of changes in equity and consolidated interim statement of cash flows for the six months period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

For PKF Al Bassam
Chartered Accountants



Ahmed Abdul Majeed Mohandis
Certified Public Accountant
License No. 477
Khobar: 4 Rabi Al Awwal 1447H
Corresponding to: 27 August 2025



RIYADH

Tel. +966 11 206 5333 | P.O.Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O.Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O.Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

		June 30, 2025	December 31, 2024
	Note	SR (Unaudited)	SR (Audited)
ASSETS			
Non-current asset			
Property and equipment	4	25,119,069	24,715,085
Right of use assets		1,747,197	2,097,008
Intangible assets		329,224	382,142
Total non-current assets		27,195,490	27,194,235
Current assets			
Inventories		6,997,997	5,798,938
Contract assets		11,953,199	9,118,198
Accounts receivable	5	71,280,021	61,536,815
Due from related parties	11	84,600	-
Prepaid expenses and other assets	6	15,268,633	10,857,054
Cash and cash equivalents		1,062,087	2,315,382
Total current assets		106,646,537	89,626,387
TOTAL ASSETS		133,842,027	116,820,622
EQUITY AND LIABILITIES			
Equity			
Share capital	1	40,000,000	40,000,000
Actuarial reserve		(1,717,931)	(1,717,931)
Retained earnings		24,482,031	28,956,941
Total equity		62,764,100	67,239,010
Liabilities			
Non-current liabilities			
Long term borrowings – non-current portion	7.2	3,643,261	3,643,261
Lease liabilities – non-current portion		1,073,844	1,404,617
Employees’ end of service benefits		5,091,266	7,211,561
Total non-current liabilities		9,808,371	12,259,439
Current liabilities			
Short term borrowings	7.1	30,549,730	7,551,032
Long term borrowings – current portion	7.2	304,032	259,602
Lease liabilities – current portion		648,824	623,869
Accounts payable		17,558,598	18,446,993
Contract liabilities		430,419	362,019
Accrued expenses and other liabilities		11,067,675	8,690,856
Dividend payable		65,657	-
Zakat accrual	8	644,621	1,387,802
Total current liabilities		61,269,556	37,322,173
Total liabilities		71,077,927	49,581,612
TOTAL EQUITY AND LIABILITIES		133,842,027	116,820,622

CONTINGENCIES AND COMMITMENTS

12



Amer Mohammed Alamer
Chairman



Mohammed Tarek Elsayed
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025

	Note	June 30, 2025 SR (Unaudited)	June 30, 2024 SR (Unaudited)
Revenue	9	90,720,415	92,229,755
Cost of revenue		(64,276,268)	(57,027,187)
Gross profit		26,444,147	35,202,568
General and administrative expenses		(20,751,900)	(18,236,242)
Expected credit loss (ECL) allowance reversal / (charge) on accounts receivable	5	1,314,352	(224,233)
Operating profit for the period		7,006,599	16,742,093
Finance cost		(887,142)	(263,145)
Other income		14,383	75,876
Net profit before zakat		6,133,840	16,554,824
Zakat	8	(608,750)	(427,443)
Net profit for the period		5,525,090	16,127,381

OTHER COMPREHENSIVE INCOME

Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,525,090	16,127,381

Earnings per share for profit attributable to the ordinary shareholders of the Group

Basic and diluted	14	0.14	0.40
-------------------	----	------	------



Amer Mohammed Alamer
Chairman




Mohammed Tarek Elsayed
Chief Executive Officer

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

	Share capital	Statutory reserve (note 13)	Actuarial reserve	Retained earnings	Total equity
	SR	SR	SR	SR	SR
Balance as at December 31, 2023 (audited)	40,000,000	5,442,187	(874,494)	6,890,956	51,458,649
Net profit for the period	-	-	-	16,127,381	16,127,381
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (unaudited)	-	-	-	16,127,381	16,127,381
Transfer to retained earnings (note 13)	-	(5,442,187)	-	5,442,187	-
Dividends for the period (note 16)	-	-	-	(6,890,956)	(6,890,956)
Balance as at June 30, 2024 (unaudited)	40,000,000	-	(874,494)	21,569,568	60,695,074
Balance as at December 31, 2024 (audited)	40,000,000	-	(1,717,931)	28,956,941	67,239,010
Net profit for the period	-	-	-	5,525,090	5,525,090
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (unaudited)	-	-	-	5,525,090	5,525,090
Dividends for the period (note 16)	-	-	-	(10,000,000)	(10,000,000)
Balance as at June 30, 2025 (unaudited)	40,000,000	-	(1,717,931)	24,482,031	62,764,100



Amer Mohammed Alamer
Chairman




Mohammed Tarek Elsayed
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

	June 30, 2025	June 30, 2024
	SR	SR
	(Unaudited)	(Unaudited)
<u>Cash flows from operating activities:</u>		
Net profit for the period before zakat	6,133,840	16,554,824
<u>Adjustments for:</u>		
Depreciation on property and equipment and right of use asset	2,128,048	1,746,903
Amortization of intangible assets	109,288	104,406
Employees' end of service benefits	783,340	1,520,608
Finance cost	887,142	263,145
Provision for advance to suppliers	989,088	-
Expected credit loss (ECL) allowance (reversal) / charge on accounts receivable	(1,314,352)	224,233
<u>Changes in working capital:</u>		
Accounts receivables, net	(8,428,854)	(15,641,886)
Contract assets	(2,835,001)	-
Due from a related party	(84,600)	(111,153)
Prepaid expenses and other assets	(5,400,667)	(2,638,212)
Inventories	(1,199,059)	(79,844)
Accounts payable	(888,395)	266,421
Accrued expenses and other liabilities	96,164	1,346,146
Contract liabilities	68,400	194,264
Cash (used in) / generated from operations	(8,955,618)	3,749,855
Finance cost paid	(543,659)	(159,408)
Zakat paid	(1,351,931)	(264,059)
Employees end of service benefits paid	(622,980)	(386,324)
Net cash (used in) / generated from operating activities	(11,474,188)	2,940,064
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment, net	(2,182,221)	(1,706,746)
Purchase of intangible assets	(56,370)	(15,763)
Net cash used in investing activities	(2,238,591)	(1,722,509)
<u>Cash flows from financing activities:</u>		
Repayment of lease liabilities	(305,818)	(305,818)
Proceeds from short term loans	33,982,978	13,160,112
Repayment of short term loans	(11,283,333)	(11,014,500)
Dividend paid	(9,934,343)	(2,641,441)
Net cash generated from / (used in) financing activities	12,459,484	(801,647)
Net change in cash and cash equivalents	(1,253,295)	415,908
Cash and cash equivalent at the beginning of the period	2,315,382	2,300,630
Cash and cash equivalents at the end of the period	1,062,087	2,716,538


Amer Mohammed Alamer
Chairman


Mohammed Tarek Elsayed
Chief Executive Officer

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Twareat Medical Care Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051054263 and its unified number is 7011033581 dated 6 Jumada' II 1439H (February 22, 2018). The Company has obtained license from Ministry of Health under license number 3810501201210012 ending on Rajab 18, 1451 H.

During the year 2022, the Company was converted into a Closed Joint Stock Company pursuant to Ministerial Resolution No. (992) dated 11/10/1443H (corresponding to 12/05/2022). The Company's share capital after the conversion amounted to SR 8,999,000 divided into 899,900 ordinary shares fully paid at a nominal value of SR 10 per share. Further during the year 2022, based on the recommendation of the Board of Directors, the Extraordinary General Assembly approved increasing the Company's capital from SR 8,999,000 SR 20,000,000 divided into 2,000,000 ordinary shares at a nominal value of SR 10 per share by capitalizing an amount of SR 11,001,000 from the retained earnings account. The related legal formalities were completed during that year.

During the year 2023, as per the shareholders' resolution dated Ramadan 20, 1444H (corresponding to April 11, 2023), the Company further increased its share capital by SR 20 million through transfer from retained earnings. The related legal formalities were completed during that year end. As at December 31, 2024 and June 30, 2025, the ordinary share capital was SR 40,000,000 at a nominal value of SR 1 per share.

On Dhu al-Hijjah 3, 1444 H (corresponding to June 21, 2023), the Company's extraordinary general assembly meeting approved the amending of the Company's By-laws to comply with the requirement of new companies' law.

On 8 Jumada' II, 1446H (corresponding to December 9, 2024) the Capital Market Authority "CMA" Board approved the Company's application for the registration of its shares for direct listing in the parallel market. Further. During the period ended June 30, 2025, on Rajab 25, 1446 (corresponding to January 29, 2025), the Company became a listed company in the Nomu – Parallel Market on the Saudi Stock Exchange.

The Group is engaged in General construction of residential buildings, renovation of residential and non-residential buildings, stores of medical devices and products, hospitals, medical operations of hospitals, general medical complexes, medical operations of medical complexes and one-day surgery centers, ambulance service centers, medical laboratories, home medical service centers, medical clinic mobile, telemedicine and telemedicine centers, medical operations of medical laboratories, radiology centers and supporting medical services, activities of drug stores, retail sale of medical devices, equipment and supplies, repair and maintenance of medical equipment and transformation of vehicles to medical equipment.

The condensed consolidated interim financial statements comprise the interim financial statements of the Company and its subsidiary (the "Group") as at June 30, 2025. Comparative figures presented in condensed interim financial statements do not include any balances or transactions of the Subsidiary.

The Group's head office is located in Al Khobar, Kingdom of Saudi Arabia.

These condensed consolidated interim financial statements include the activities of following branches:

Commercial Registration	Location
2051054263	Al-Khobar
2050137379	Dammam
2051232155	Al-Khobar
2055133741	Jubail

During the period ended June 30, 2025, the Company, incorporated a new subsidiary Innovation Conversion for Industry Company (the "Subsidiary") with a commercial registration number 2050214543 and unified number 7048788629 dated February 4, 2025. The Subsidiary has a share capital of SR 2 million comprising of 2 million shares of SR 1 each. The Subsidiary does not have significant operations during the period ended June 30, 2025.

The subsidiary included in these condensed consolidated interim financial statements is as follows:

Subsidiary	Principal activity	Location	Percentage of ownership (direct or indirect)
			2025
Innovation Conversion for Industry Company	Transformation of vehicles to medical equipment	Dammam, KSA	100

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the six months period ended June 30, 2025 have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2024. In addition, results for the six months period ended June 30, 2025 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2.2 Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except where IFRS requires other measurement basis.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals which represent the Group’s functional currency.

2.4 Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group’s accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the Company’s annual financial statements for the year ended December 31, 2024.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company’s annual financial statements as of and for the year ended December 31, 2024, and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in the current period and the adoption of certain new policies adopted due to the incorporation of a new subsidiary (note 1) stated as follows:

3.1 Basis of consolidation

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiary as at the reporting date. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated interim statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. These interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Company's ownership interests in subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified by applicable IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 and, when applicable, the cost on initial recognition of an investment in an associate.

3.2 Goodwill

Goodwill arising on an acquisition of a business (being the excess of the aggregate of consideration transferred and the amount of any non-controlling interest in acquiree over the fair values of net assets acquired) is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

If the fair values of net assets acquired exceed the aggregate of consideration transferred and the amount of any non-controlling interest in acquiree, the resulting gain is recognized in profit or loss as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Goodwill (Continued)

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with the exception of liabilities related to employee benefit arrangements which are recognized and measured in accordance with IAS 19 Employee Benefits.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.4 New Standards, Amendment to Standards and Interpretations

A number of new amendments to standards, enlisted below, are effective this period but they do not have a material effect on the Group's condensed consolidated interim financial statements.

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.

The Group has not applied the following amendment to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes. Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.4 New Standards, Amendment to Standards and Interpretations (Continued)

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Management anticipates that these amendments will be adopted in the Group's condensed consolidated interim financial statements as and when it is applicable and adoption of this amendments may have no material impact on the condensed consolidated interim financial statements of the Company in the period of initial application except for IFRS 18, which may impact the classification of the condensed consolidated interim financial statements line items.

4. PROPERTY AND EQUIPMENT

During the period ended June 30, 2025, the Company purchased items of property and equipment amounting to SR 2.18 million. (Period ended June 30, 2024 SR 1.71 million)

5. ACCOUNTS RECEIVABLE, NET

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
Accounts receivable, gross	82,328,628	73,899,774
Less: Expected credit loss (ECL) allowance on accounts receivable	(11,048,607)	(12,362,959)
Accounts receivable, net	71,280,021	61,536,815

The following table shows the movement in lifetime ECL that has been recognized against account receivables during the period / year:

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
As at beginning of the year	12,362,959	12,312,363
Expected credit loss (ECL) allowance (reversal) / charge on accounts receivable for the period / year	(1,314,352)	1,031,971
Write off during the period / year	-	(981,375)
As at end of the period / year	11,048,607	12,362,959

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

6. PREPAID EXPENSES AND OTHER ASSETS

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
Advances to suppliers*	9,862,154	5,197,012
Prepaid expenses	3,538,287	3,969,569
Refundable deposit	999,970	1,015,124
Advance to employees	868,222	675,349
	15,268,633	10,857,054

*A provision amounting to SR 0.99 million has been recognised during the period in respect of long outstanding advances to suppliers.

7. BORROWINGS

7.1 Short term borrowings

Short term borrowings consist of the following;

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
Opening balance	7,551,032	894,256
Received during the period / year	33,982,978	8,414,799
Finance charges for the period / year	642,651	334,525
Finance charges paid	(343,598)	(225,288)
Principal repaid during the period / year	(11,283,333)	(1,867,260)
Closing balance	30,549,730	7,551,032

The Company has obtained multiple facilities from a local bank ("the Facilities") which consist of Tawaruq, guarantee and letter of credit arrangements. As at June 30, 2025, total facilities available to the Company amounted to SR 53 million (December 31, 2024: SR 53 million) out of which the Company has utilized SR 30.55 million as at June 30, 2025 (December 31, 2024: SR 7.55 million). As per the agreements, the facilities are repayable in 3 to 6 months. The facilities carry financing charges at 8% to 10% per annum. As per facility agreements, the Company may obtain new facilities after repaying the amount.

7.2 Long term borrowings

Long term borrowings consist of the following;

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
Total long term borrowings	3,947,293	3,902,863
Less : Non-current portion	3,643,261	3,643,261
Current portion	304,032	259,602

During 2022, the Company has obtained a land and building on loan from Ministry of Finance. The Ministry had previously provided this land and building on finance to a third party. During 2022, the ownership of the land and building is transferred from the third party to the Company. The Company paid SR 4 million to the third party on transfer. Total loan is amounting to SR 6.1 million which is repayable by the Company in 18 equal annual installments of SR 0.3 million each, commencing from July 28, 2022. The title deed of land is mortgaged in favor ministry of finance.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

8. ZAKAT ACCRUAL

Movement in zakat accrual is as follows:

	June 30, 2025	December 31, 2024
	SR	SR
	(Unaudited)	(Audited)
Opening balance	1,387,802	1,320,299
Charge for the period / year	608,750	1,387,802
Paid during the period / year	(1,351,931)	(1,320,299)
Closing balance	644,621	1,387,802

Zakat status

The Company submitted its zakat returns up to 2024, settled zakat as per the returns and obtained required certificates and official receipts. The assessments till year 2021 has been reviewed by ZATCA.

9. REVENUE

	June 30, 2025	June 30, 2024
	SR	SR
	(Unaudited)	(Unaudited)
Service revenue	82,627,667	86,197,110
Revenue from supplies	8,092,748	6,032,645
	90,720,415	92,229,755

9.1 Sector-wise revenue

	June 30, 2025	June 30, 2024
	SR	SR
	(Unaudited)	(Unaudited)
Revenue from government and semi-government sector	29,850,022	36,385,569
Revenue from private sector	60,870,393	55,844,186
	90,720,415	92,229,755

9.2 Three customers contributed more than 10% of the Company's revenue during the period ended June 30, 2025. Five customers each contributed more than 10% of the Company's revenue during the period ended June 30, 2024.

10. SEGMENT REPORTING

The Group's activities are managed, monitored and is operated as a single reportable segment. As a result, no separate segment information is presented in these condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the period, the Group transacted with the related parties in normal course of its business. Transactions with related parties as at June 30 are as follows;

Detail of significant transactions with related parties:

Related parties	Relationship	Nature of transaction	For the period ended June 30, 2025 SR (Unaudited)	For the period ended June 30, 2024 SR (Unaudited)
Amer bin Mohammed bin Amer Al Amer *	Shareholder / Chairman of the Board of Directors	Payments made / expense incurred by the Company	44,100	104,172
Tariq bin Mohammd bin Suleman Alhamdan *	Shareholder / Board member	Payments made / expense incurred by the Company	24,000	6,981
Khalid bin Mohammd bin Suleman Alhamdan *	Shareholder / Board member	Payments made by the Company	16,500	-
Kinan Al Shareq Business Co. for Real Estate Development **	Affiliate	Rent payment	372,075	372,075
Key management personnel		Remuneration and benefits	2,761,998	3,104,029

*The Company has made an announcement on June 22, 2025 appointing Mr. Amer bin Mohammad bin Amer Al Amer (former Chief Executive Officer) as chairman of the board of directors and Khalid bin Mohammd bin Suleman Alhamdan as vice chairman of the board of directors. Due from related parties balances also includes receivables from these shareholders.

**During 2023, the Company had leased a building from its related party for a period of 5 years, with semi-annual payments amounting to SR 0.38 million and recognized a right of use asset and corresponding lease liability.

***Other payables include end-of-service benefits of SR 2.28 million and vacation pay allowance of SR 0.70 million, payable to key management personnel.

12. CONTINGENCIES AND COMMITMENTS

As at June 30, 2025 and December 31, 2024, the Group has following capital contingencies and commitments:

	June 30, 2025 SR (Unaudited)	December 31, 2024 SR (Audited)
Letter of guarantees	4,081,460	1,060,610
Letter of credit	277,801	591,595
Commitments	3,574,642	2,426,920

13. STATUTORY RESERVE

On 23 Shawal, 1445 the Company's Board of Directors approved amending the Company's by-laws to comply with the New Companies' Law issued on 23 Shawwal 1445 H (corresponding to 2 May 2024), whereby Article No. 51 of the By-Laws relating to the statutory reserve was amended. Based on the recommendation of the Board of Directors, it was agreed to transfer the balance of the statutory reserve amounting to SR 5.4 million as in the financial statements for the year ended December 31, 2023 to the retained earnings balance. As per the Companies' regulations and Company's by - Laws, the Company has not transferred any balances to the statutory reserve from net profits during the current period. This reserve was not available for distribution to shareholders. On April 17, 2024 the Company has transferred all of its statutory reserve to retained earnings with Board approval as per Company's latest by - laws.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

14. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing profit for the period attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the Group has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Group will be the same.

The following table reflects the profit and weighted average number of ordinary shares used in the computations:

	June 30, 2025	June 30, 2024
	SR	SR
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary shareholders of the Group used in calculating basic and diluted earnings per share:	5,525,090	16,127,381
Weighted average number of ordinary shares outstanding during the period	40,000,000	40,000,000
Basic and diluted earnings per share		
Total basic and diluted earnings per share attributable to the ordinary shareholders of the Group	0.14	0.40

15. FAIR VALUE MEASUREMENT

The Group measures financial assets at fair value through profit or loss (FVTPL) at each consolidated interim statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets measured at FVTPL at the end of the reporting period are classified as level 1 in the fair value hierarchy. There were no transfers between the levels of fair value hierarchies during the period.

The carrying values of the financial instruments reported in the consolidated interim statement of financial position approximate their fair values.

16. DIVIDENDS

During the period, the Group announced dividends of SR 10 million (June 30,2024: SR 6.89 million) to the shareholders of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

17. COMPARATIVE FIGURES

Following comparative figures have been reclassified to conform to the presentation in the current period.

Description	Note	From	To	Amount SR
Reclassification of allowance for impairment of doubtful receivables	17.1.1	General and administrative expenses	Allowance for doubtful receivables	224,233
Reclassification of general and administrative expenses	17.1.2	Other income	General and administrative expenses	863,383

17.1.1 As per the requirements of IFRS, the Group has reclassified allowance for expected credit losses from general and administrative expenses to statement of profit or loss and other comprehensive income as a separate line item.

17.1.2 The Group has reclassified refunds received from the human resources development fund (HRDF) in respect of partial reimbursement of salaries of Saudi nationals from other income and netted them off with the relevant salaries and wages in general and administrative expenses.

All of the above reclassifications have been made to enhance the comparability of condensed consolidated interim financial statements and did not impact the equity, net profit, or cash flows of the Group for the previous period.

18. SUBSEQUENT EVENTS

There were no significant subsequent events, adjusting or non-adjusting, since June 30, 2025 that would have a material impact on the financial position or financial performance of the Group as reflected in these condensed consolidated interim financial statements.

19. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on Rabi Al Awwal 3, 1447H corresponding to August 26, 2025.