

**ALDREES PETROLEUM AND TRANSPORT
SERVICES COMPANY (ALDREES)
(A Saudi Joint Stock Company)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2025

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Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
As at 31 December 2025

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ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
Paid-Up Capital: ₡ 5,500,000 (Five Million Five Hundred Thousand Saudi Riyals)

Head Office
Financial Boulevard 3126, Al Aqeeq Dist. 6717, Riyadh 13519
KAFD 1.11 B, South Tower, 8th Floor
P.O. Box 2732, Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Unified No. 7000117205

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
eyksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Aldrees Petroleum and Transport Services Company (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for 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 is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>For the year ended 31 December 2025, the Company recognized revenue primarily from fuel sales, transport and other services, and rental income, amounting to ₩ 25.8 billion. Revenue from fuel sales, transport, and other services is recognized at a point in time when control of the fuel is transferred and the service is rendered to the customer, while revenue from rent is recognized over the lease term.</p> <p>We considered revenue recognition to be a key audit matter because of the risk that the Company's management focuses on revenue as one of key measures of their performance. Further, since the majority of the Company's revenue is directly generated through cash sales, combined with the materiality of the amounts involved, these factors present an inherent risk of improper revenue recognition.</p> <p><i>Refer to note (4) to the financial statements for the material accounting policy information of revenue recognition and note (25) for the disclosure of revenue.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">Evaluated the Company's revenue recognition policy for compliance with IFRS 15;Tested, on a sample basis, transactions taking place before and after the reporting date to evaluate whether revenue was recognized in the proper accounting period;Tested, on a sample basis, journal entries posted to the revenue accounts to identify unusual or irregular transactions;Tested, on a sample basis, daily cash deposits back to the daily sales report;Tested settled transactions from source to receipt of payment by using computer assisted auditing techniques;Performed correlation between revenue, receivables and cash by using computer assisted auditing techniques;Performed recalculation of revenue recorded from rental income to evaluate whether revenue was recognized in the proper accounting period;Performed substantive analytical reviews to understand how the revenue has trended over the year; andAssessed the adequacy of the relevant disclosures in the Company's financial statements.



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for impairment of trade receivables</p> <p>As at 31 December 2025, the Company's gross trade receivables amounted to ₩ 746 million against which allowance for expected credit losses amounted to ₩ 19 million is maintained.</p> <p>The Company uses the expected credit loss model (ECL) to determine and record expected credit losses based on what is required by IFRS 9 as endorsed by SOCPA.</p> <p>We considered this as a key audit matter as it involves complex calculations and use of assumptions by management, in addition to the materiality of the amounts involved.</p> <p><i>Refer to notes (4) and (5) to the financial statements for the material accounting policy information and significant assumptions, estimates and judgements policies related to allowance for impairment of trade receivables and note (13) for the related disclosure.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">• Obtained an understanding of management's assessment of ECL and compared the accounting policy with the requirements IFRS 9.• Assessed the design, implementation, and operating effectiveness of the key controls related to:<ul style="list-style-type: none">- Recording of trade receivables and settlements.- Trade receivables aging reports.• Assessed significant assumptions, including collection rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit loss.• Involved our specialists to assess the reasonableness of significant judgments, estimates and assumptions made by the management with reference to the calculation of ECL including the Company's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter.• Tested the completeness of data and the mathematical accuracy of the ECL model; and• Assessed the adequacy of the relevant disclosures included in the financial statements.

Other information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2025 annual report is expected to be made available to us after the date of this auditor's report.

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

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



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company) (continued)

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, 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 i.e, the Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's 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.



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services


Hesham A Alatiqi
Certified Public Accountant
License No. (523)



Riyadh: 10 Sha'ban 1447H
(29 January 2026)

Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025	31 December 2024 (Restated, note 37)	1 January 2024 (Restated, note 37)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	2,245,832,697	2,121,989,418	1,889,638,446
Intangible assets	7	465,975	802,966	1,530,000
Right-of-use assets	8	4,436,445,234	4,162,734,102	3,852,528,263
Investment in a joint venture	9	18,373,946	19,069,961	16,668,969
Long-term investments at amortised cost	10	520,125,000	468,875,000	245,000,000
Deferred costs	11	24,309,319	21,503,377	21,103,385
TOTAL NON-CURRENT ASSETS		7,245,552,171	6,794,974,824	6,026,469,063
CURRENT ASSETS				
Inventories, net	12	319,770,212	266,982,457	194,778,060
Trade receivables, net	13	726,659,601	522,393,564	511,744,801
Contract assets	25-2	78,148,462	79,024,696	99,264,690
Prepayments and other current assets	14	784,481,874	439,979,667	367,098,169
Due from related parties	16	9,925,636	5,295,886	5,630,644
Short-term investment at amortised cost	10	-	30,000,000	-
Bank balances	15	289,438,607	241,982,102	231,850,682
TOTAL CURRENT ASSETS		2,208,424,392	1,585,658,372	1,410,367,046
TOTAL ASSETS		9,453,976,563	8,380,633,196	7,436,836,109
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	17	1,000,000,000	1,000,000,000	750,000,000
Statutory reserve	18	224,264,004	182,079,427	147,614,328
Retained earnings		464,225,126	234,717,893	269,011,401
TOTAL SHAREHOLDERS' EQUITY		1,688,489,130	1,416,797,320	1,166,625,729
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term facilities	24-2	-	50,000,000	75,000,000
Non-current portion of lease liabilities	19	3,926,027,277	3,577,811,738	3,464,121,964
Employees' defined benefit liabilities	20	179,632,975	158,949,462	124,206,841
TOTAL NON-CURRENT LIABILITIES		4,105,660,252	3,786,761,200	3,663,328,805
CURRENT LIABILITIES				
Trade payables	21	2,422,817,872	1,833,677,415	1,402,867,222
Accrued expenses and other current liabilities	22	790,419,821	736,496,998	568,804,301
Current portion of long-term facilities	24-2	-	25,000,000	35,285,714
Short term facilities	24-1	-	100,000,000	360,000,000
Current portion of lease liabilities	19	433,502,594	469,846,624	229,369,488
Due to a related party	16	2,189,924	3,286,540	1,462,353
Zakat payable	23-d	10,896,970	8,767,099	9,092,497
TOTAL CURRENT LIABILITIES		3,659,827,181	3,177,074,676	2,606,881,575
TOTAL LIABILITIES		7,765,487,433	6,963,835,876	6,270,210,380
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9,453,976,563	8,380,633,196	7,436,836,109

Eng. Abduelah Saad Aldrees
Chief Executive Officer

Hamad Mohammed Aldrees
Chairman of Board of Directors

Amro Mahmoud Abouelmaaty Siam
Finance Manager

The accompanying notes from (1) to (40) are integrated part of these financial statements.

Aldrees Petroleum and Transport Services Company (ALDREES)
 (A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 December 2025

	<i>Note</i>	<i>2025</i> ₪	<i>2024</i> (Restated, note 37) ₪
Revenue	25	25,760,827,915	19,288,553,013
Cost of revenue	26	(24,825,910,582)	(18,470,730,078)
GROSS PROFIT		934,917,333	817,822,935
Selling and marketing expenses	27	(7,424,655)	(4,700,485)
General and administrative expenses	28	(334,949,031)	(293,184,400)
INCOME FROM MAIN OPERATIONS		592,543,647	519,938,050
Finance costs	29	(237,961,839)	(210,188,166)
Finance income	15	42,134,061	20,666,381
Other income, net	30	5,703,136	538,176
Share in results of investment in a joint venture	9	1,803,985	2,400,992
Interest income from investments at amortised cost	10	28,860,123	19,634,627
INCOME BEFORE ZAKAT		433,083,113	352,990,060
Zakat	23-a	(11,237,343)	(8,339,067)
NET INCOME FOR THE YEAR		421,845,770	344,650,993
OTHER COMPREHENSIVE LOSS			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Loss on remeasurement of employees' defined benefit liabilities	20	(153,960)	(19,479,402)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		(153,960)	(19,479,402)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		421,691,810	325,171,591
Earnings per share:			
Basic and diluted earnings per share for the year	34	4.22	3.44

Eng. Abdulrahman Saad Aldrees
 Chief Executive Officer

Hamad Mohammed Aldrees
 Chairman of Board of Directors

Amro Mahmoud Abouelmaaty Siam
 Finance Manager

The accompanying notes from (1) to (40) are integrated part of these financial statements.

Aldrees Petroleum and Transport Services Company (ALDREES)
 (A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2024 (previously reported)	750,000,000	147,614,328	338,305,451	1,235,919,779
Restatement (Note 37)	-	-	(69,294,050)	(69,294,050)
Balance at 1 January 2024 (restated)	750,000,000	147,614,328	269,011,401	1,166,625,729
Net income for the year (restated)	-	-	344,650,993	344,650,993
Other comprehensive loss for the year	-	-	(19,479,402)	(19,479,402)
Total comprehensive income for the year (restated)	-	-	325,171,591	325,171,591
Bonus shares issued	250,000,000	-	(250,000,000)	-
Transfer to statutory reserve (restated)	-	34,465,099	(34,465,099)	-
Dividends (Note 33)	-	-	(75,000,000)	(75,000,000)
Balance as at 31 December 2024 (restated)	1,000,000,000	182,079,427	234,717,893	1,416,797,320
Balance at 1 January 2025	1,000,000,000	182,079,427	234,717,893	1,416,797,320
Net income for the year	-	-	421,845,770	421,845,770
Other comprehensive loss for the year	-	-	(153,960)	(153,960)
Total comprehensive income for the year	-	-	421,691,810	421,691,810
Transfer to statutory reserve	-	42,184,577	(42,184,577)	-
Dividends (Note 33)	-	-	(150,000,000)	(150,000,000)
Balance as at 31 December 2025	1,000,000,000	224,264,004	464,225,126	1,688,489,130

Eng. Abdulkarim Saad Aldrees
 Chief Executive Officer

Hamad Mohammed Aldrees
 Chairman of Board of Directors

Amro Mahmoud Abouelmaaty Siam
 Finance Manager

The accompanying notes from (1) to (40) are integrated part of these financial statements.

Aldrees Petroleum and Transport Services Company (ALDREES)

(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

		2025	2024 (Restated, note 37)
	Note	#	#
OPERATING ACTIVITIES			
Income before zakat		433,083,113	352,990,060
Adjustment for:			
Depreciation of property and equipment	6	207,102,663	182,794,905
Depreciation of right of use assets	8	404,906,687	383,344,496
Amortization of intangible assets	7	336,991	805,364
Amortization of deferred costs	11	1,989,844	1,897,633
(Gains) / losses on disposal of property and equipment	30	(4,246,788)	748,583
Finance income from investments at amortised cost	10	(28,860,123)	(19,634,627)
Finance income	15	(42,134,061)	(20,666,381)
Financial charges on term facilities		13,464,405	23,655,047
Financial charges on lease liabilities	19	224,497,434	186,533,119
Share in results of a joint venture	9	(1,803,985)	(2,400,992)
Provision for expected credit losses	13	5,122,892	5,827,348
Provision for employees' defined benefit	20	31,618,978	26,993,994
Provision / (reversal) for obsolete and slow-moving inventory	12	289,496	(90,356)
		1,245,367,546	1,122,798,193
Changes in operating assets and liabilities:			
Trade receivable		(209,388,929)	(16,476,111)
Contract assets		876,234	20,239,994
Inventories		(53,077,251)	(72,114,041)
Prepayments and other current assets		(499,616,845)	(253,266,233)
Net change in related parties' balances		(5,726,366)	2,158,945
Trade payables		589,140,457	430,810,193
Accrued expenses and other current liabilities		53,922,823	167,692,697
Deferred costs	11	(4,795,786)	(2,297,625)
Net cash from operations		1,116,701,883	1,399,546,012
Employees' defined benefit paid		(11,089,425)	(11,730,775)
Zakat paid	23-d	(9,107,472)	(8,664,465)
Net cash from operating activities		1,096,504,986	1,379,150,772
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		32,441,702	11,871,613
Purchase of property and equipment	6	(359,140,856)	(427,766,073)
Purchase of intangible assets	7	-	(78,330)
Purchase of investments at amortised cost	10	(51,250,000)	(253,875,000)
Proceed from investments at amortised cost	10	30,000,000	-
Interest income received from investment at amortised cost	10	28,463,680	16,644,099
Finance income received		42,604,214	18,748,680
Dividends received from joint venture	9	2,500,000	-
Net cash used in investing activities		(274,381,260)	(634,455,011)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	19	(211,705,382)	(154,090,461)
Payment of interest portion of lease liabilities	19	(224,497,434)	(186,533,119)
Proceeds from short term facilities	24-1	1,030,000,000	3,900,000,000
Repayment of short term facilities	24-1	(1,130,000,000)	(4,160,000,000)
Repayment of long term facilities	24-2	(75,000,000)	(35,285,714)
Payment of financing costs	24-2	(13,464,405)	(23,655,047)
Dividends paid	33	(150,000,000)	(75,000,000)
Net cash used in financing activities		(774,667,221)	(734,564,341)

The accompanying notes from (1) to (40) are integrated part of these financial statements.

Aldrees Petroleum and Transport Services Company (ALDREES)
 (A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS (Continued)
 For the year ended 31 December 2025

	<i>Note</i>	<i>2025</i> ₪	<i>2024</i> <i>(Restated, note 37) ₪</i>
NET INCREASE IN BANK BALANCES		47,456,505	10,131,420
BANK BALANCES AT BEGINNING OF YEAR		241,982,102	231,850,682
BANK BALANCES AT END OF YEAR	15	289,438,607	241,982,102
SIGNIFICANT NON-CASH TRANSACTIONS			
Re-measurement of employees' defined benefit liabilities	20	(153,960)	(19,479,402)
Transferred from prepaid expenses to the right of use assets		155,040,928	137,124,941
Transferred from work in progress to property and equipment	6	85,346,477	83,018,578
Additions to right-of-use assets	8	645,710,558	714,294,389
Additions to lease liabilities	19	580,563,470	634,307,934
Bonus shared issued		-	250,000,000

Eng. Abdulkarim Saad Aldrees
 Chief Executive Officer

Hamad Mohammed Aldrees
 Chairman of Board of Directors

Amro Mahmoud Abouelmaaty Siam
 Finance Manager

The accompanying notes from (1) to (40) are integrated part of these financial statements.

Aldrees Petroleum and Transport Services Company (ALDREES) (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2025

1) ACTIVITIES

Aldrees Petroleum and Transport Services Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010002475 and unified identification number 7018055850 issued in Riyadh on 13 Rabi Al-Thani 1382H (corresponding to 12 September 1962). The registered office of the Company is: P.O. Box 609, Riyadh 11421, Kingdom of Saudi Arabia.

The Company's objectives as per its commercial registration, include retail and wholesale trading of fuel, lubricants, catering services and the transportation of goods using highways in the Kingdom of Saudi Arabia in pursuant to License number 11/00001327, issued by the Transport General Authority, establishment of vehicle workshops and car washes and acquisition of land to construct buildings for sale or lease for the interest of the Company and construction, managing, operating and renting take away centres for hot and cold beverages and food.

The accompanying financial statements include the assets, liabilities, and operating results of the main commercial registration of the Company and all the following sub-commercial registrations:

Branch	Commercial Registration	Commercial Registration Date	City
Aldrees Petroleum and Transport Services Company	1131037235	4 Thul-Qi'dah 1432H (Corresponding to 2 October 2011)	Buraydah
Aldrees Petroleum and Transport Services Company	3350028917	4 Thul-Qi'dah 1432H (Corresponding to 2 October 2011)	Hail
Aldrees Petroleum and Transport Services Company	1010646273	21 Thul-Hijjah 1441H (Corresponding to 11 August 2020)	Riyadh
Aldrees Petroleum and Transport Services Company	1010442918	14 Jumada Al-Alkhirah 1437H (Corresponding to 22 March 2016)	Riyadh
Aldrees Petroleum and Transport Services Company	4601104015	25 Rajab 1444H (Corresponding to 16 February 2024)	Al Lith
Aldrees Petroleum and Transport Services Company	1010433029	7 Rajab 1436H (Corresponding to 25 April 2015)	Riyadh
Aldrees Petroleum and Transport Services Company	2055128314	21 Thul-Hijjah 1441H (Corresponding to 11 August 2020)	Al Jubail
Aldrees Petroleum and Transport Services Company	2055018169	6 Safar 1434H (Corresponding to 18 December 2012)	Al Jubail
Aldrees Petroleum and Transport Services Company	3550027114	6 Thul-Qi'dah 1432H (Corresponding to 3 October 2011)	Tabuk
Aldrees Petroleum and Transport Services Company	3400014150	4 Thul-Qi'dah 1432H (Corresponding to 1 October 2011)	Sakaka
Aldrees Petroleum and Transport Services Company	3452006822	12 Thul-Qi'dah 1432H (Corresponding to 9 October 2011)	Al Qurayyat
Aldrees Petroleum and Transport Services Company	1010316830	29 Shawwal 1432H (Corresponding to 26 September 2011)	Riyadh
Aldrees Petroleum and Transport Services Company	5900016677	12 Thul-Qi'dah 1432H (Corresponding to 9 October 2011)	Jazan
Aldrees Petroleum and Transport Services Company	5900016676	12 Thul-Qi'dah 1432H (Corresponding to 9 October 2011)	Jazan
Aldrees Petroleum and Transport Services Company	5850033358	29 Thul-Hijjah 1430H (Corresponding to 15 December 2009)	Abha
Aldrees Petroleum and Transport Services Company	4030386880	21 Thul-Hijjah 1441H (Corresponding to 11 August 2020)	Jeddah
Aldrees Petroleum and Transport Services Company	4650041756	21 Jumada Al-Ula 1429H (Corresponding to 25 May 2008)	Madinah
Aldrees Petroleum and Transport Services Company	4030217139	4 Thul-Qi'dah 1432H (Corresponding to 1 October 2011)	Jeddah
Aldrees Petroleum and Transport Services Company	4700013390	4 Thul-Qi'dah 1432H (Corresponding to 1 October 2011)	Yanbu
Aldrees Petroleum and Transport Services Company	2050078258	4 Thul-Qi'dah 1432H (Corresponding to 1 October 2011)	Dammam
Aldrees Petroleum and Transport Services Company	5950019860	19 Thul-Qi'dah 1432H (Corresponding to 16 October 2011)	Najran
Aldrees Petroleum and Transport Services Company	2050136259	21 Thul-Hijjah 1441H (Corresponding to 11 August 2020)	Dammam
Aldrees Petroleum and Transport Services Company	5800107437	8 Jumada Al-Ula 1443H (Corresponding to 12 December 2021)	Al Bahah

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

1) ACTIVITIES (continued)

Branch	Commercial Registration	Commercial Registration Date	City
Aldrees Petroleum and Transport Services Company	1010598494	11 Safar 1441H (Corresponding to 9 October 2019)	Riyadh
Aldrees Petroleum and Transport Services Company	4031231946	11 Safar 1441H (Corresponding to 9 October 2019)	Makkah
Aldrees Petroleum and Transport Services Company	1010285971	27 Rabi Al-Thani 1431H (Corresponding to 11 April 2010)	Riyadh
Aldrees Petroleum and Transport Services Company	2055135415	20 Jumada Al-Ula 1444H (Corresponding to 14 December 2023)	Al Jubail
Aldrees Petroleum and Transport Services Company	4603157939	25 Jumada Al-Ula 1444H (Corresponding to 19 December 2023)	Al Qunfudhah
Aldrees Petroleum and Transport Services Company	1010302261	29 Safar 1432H (Corresponding to 1 February 2011)	Riyadh
Aldrees Petroleum and Transport Services Company	2055124188	26 Safar 1440H (Corresponding to 3 November 2018)	Al Jubail
Aldrees Petroleum and Transport Services Company	1010327966	16 Rabi Al-Awwal 1433H (Corresponding to 7 February 2012)	Riyadh
Aldrees Petroleum and Transport Services Company	3452146758	10 Safar 1442H (Corresponding to 27 September 2020)	Al Qurayyat
Aldrees Petroleum and Transport Services Company	3450015765	24 Rabi Al-Thani 1439H (Corresponding to 10 January 2018)	Arar
Aldrees Petroleum and Transport Services Company	2050048736	5 Jumada Al-Alkhirah 1426H (Corresponding to 10 July 2005)	Dammam
Aldrees Petroleum and Transport Services Company	4030154384	11 Safar 1426H (Corresponding to 20 March 2005)	Jeddah
Aldrees Petroleum and Transport Services Company	1010612931	29 Rabi Al-Awwal 1441H (Corresponding to 26 November 2019)	Riyadh

2) BASIS OF PREPARATION

Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis of preparation

The financial statements have been prepared on a historical cost basis and investment in a joint venture which is accounted for using the equity method. Employee defined benefit obligations are recognized at the present value of the future obligations using the projected unit credit method.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Functional and presentation currency

The financial statements are presented in Saudi Riyals ("") which is the functional and presentation currency of the Company.

Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

3) STANDARDS, INTERPRETATIONS AND AMENDMENTS

New and amended standards and interpretations

Following are the standards and amendments effective on 1 January 2025 or after (unless otherwise stated) and do not have a material impact on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments had no impact on the Company's financial statements.

New and amended standards and interpretations not yet effective

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Company and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Company on the effective date, except IFRS 18, which the Company is currently evaluating the impact of its adoption on the financial statements.

<i>Standard, Amendment or Interpretation</i>	<i>Effective date</i>
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
- IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027

4) MATERIAL ACCOUNTING POLICY INFORMATION

4-1) Classification of assets and liabilities as current or non-current

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

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realized within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

4-2) 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2) Financial instruments (continued)

4-2-1) Financial assets

The Company's financial assets include cash and bank balances, trade receivables and other receivables, investment in a joint venture, investments at amortized cost and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model.

The Company classifies its financial assets under the following categories:

Classification

- Financial assets designated at amortised cost.
- Fair value through other comprehensive income (FVOCI).
- Financial assets designated at fair value through profit or loss (FVTPL).

Trade receivables are initially recognised when they are originated. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election on initial recognition of certain investments in equity instruments that they will be measured at fair value unless otherwise made through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company reclassifies financial assets only when its business model for managing those financial assets change.

Initial measurement

Except for trade receivables, at initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS (15).

Subsequent measurement

Financial assets at amortized cost

The Company measures financial assets at amortized cost when the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of the principal amount and interest on the principal amount outstanding.

Financial assets carried at amortized cost are subsequently measured using the Effective Interest ("EIR") method and are subject to impairment testing. Interest received is recognised as part of finance income in profit or loss in the statement of comprehensive income. Gains and losses are recognised in profit or loss in the statement of comprehensive income when the asset is derecognized, modified or its value is impaired.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2) Financial instruments (continued)

4-2-1) Financial assets (continued)

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

Upon initial recognition, the Company may irrevocably classify its equity investments as equity instruments carried at FVOCI when they meet the definition of equity under IAS (32) Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

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

Derecognition

A financial asset (or, where applicable, any part of it or a group similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- Expiration of rights to receive cash flows from assets; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to fully pay it to a third party under a 'pass-through' arrangement and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forward-looking information.

For trade receivables only, the Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS (9). The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company has recognized provisions based on historical credit losses, adjusted for forecast factors specific to the debtors and the economic environment.

Evidence that financial assets are impaired may include indications that a debtor (or a group of debtors) is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial restructuring and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes economic conditions that correlate with a default.

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

4-2-2) Financial liabilities

The Company's financial liabilities include lease liabilities, trade payables, accruals, short-term facilities and long-term facilities and amounts due to related parties.

Classification

An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2) Financial instruments (continued)

4-2-2) Financial liabilities (continued)

Initial measurement

At initial recognition, an entity shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequent measurement

After initial recognition, all financial liabilities, including the short-term loan, and Murabaha from various financial institutions are measured at amortised cost. In case of long-term interest-bearing facilities, EIR method will be applied.

Derecognition

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

Offsetting of financial instruments

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

4-3) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Conversely, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. All other repairs and maintenance costs are recognized in profit or loss in the statement of comprehensive income when incurred.

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

<u>Asset class</u>	<u>Depreciation rate</u>
Buildings	3% - 8%
Leasehold improvements	Shorter of the estimated useful life or term of the lease
Machinery and equipment	10% - 50%
Trucks	7.14% with 20% salvage value
Vehicles	12.5% - 50%
Computers	12.5%
Tools	20%
Furniture & fixture	10% - 50%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is reported in the profit or loss in the statement of comprehensive income when the asset is derecognized. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial yearend and adjusted prospectively, if appropriate.

4-4) Projects under construction

Projects under construction are stated at cost and are not depreciated. Depreciation of projects under construction begins when the assets are ready for their intended use and have been transferred to property and equipment.

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For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-5) Intangible assets

Intangible assets represent purchased computer software that are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The amortisation expense on intangible assets is recognised in profit or loss in the statement of comprehensive income as part of general and administrative expenses.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the statement of comprehensive income.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset Class</u>	<u>Amortization Rate</u>
Software	12.5% and 20%

4-6) Borrowing costs

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4-7) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to ensure that there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units). If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in profit or loss in the statement of comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

4-8) Inventories

Inventories are measured at lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventory includes the purchase price plus all expenses incurred in bringing the inventory to its present location and condition. Provision is made for obsolete, slow-moving and damaged inventory when necessary.

4-9) Bank balances

Bank balances consist of deposits held with banks that have original maturities of no more than three months and are available for use by the Company unless otherwise stated. The deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

4-10) Investment in a jointly controlled entity

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-10) Investment in a jointly controlled entity (continued)

The results, assets and liabilities of joint ventures are accounted for using the equity method, under which the investment in the joint venture is initially recognised at cost in the statement of financial position, and the cost is subsequently adjusted to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture.

When the Company's share of losses in the joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company ceases to recognize its share of additional losses. Additional losses are recognised only to the extent that the Company has incurred legal or contractual obligations or has made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognised.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of associate's or joint venture's assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the statement of comprehensive income in the period in which the investment is acquired.

4-11) Deferred costs

Deferred costs represent key money, which is a one-time upfront fee made by a tenant to a landlord to secure a lease on a commercial property. This fee acts as a means for the Company to gain access to the commercial property and secure the lease. Deferred costs are amortized, using straight-line method, over the period of the related contracts.

4-12) Leases

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

The Company as a lessee

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

Right-of-use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated over the estimated useful life of the asset.

Lease liabilities

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

Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-12) Leases (continued)

The Company as a lessee (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to the option purchase the underlying asset.

The Company has classified the cash payments of principal and finance cost components relating to leases as financing activities.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss in the statement of comprehensive income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4-13) Zakat

The Company is subject to the Zakat regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, including the interpretations issued by the authority. The management establishes provisions where appropriate based on amounts expected to be paid to the authority, and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulations are subject to interpretation. The zakat provision is charged to the statement of comprehensive income. Additional zakat liability, if any, related to prior years' assessments arising from the authority are accounted for in the period in which the final assessments are finalized.

4-14) Value-Added Tax ("VAT")

Expenses and assets are recognized after deducting the total value added tax, unless VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4-15) Accruals and other current liabilities

Liabilities are recognized for amounts to be paid in the future for goods received or services provided, whether billed by the supplier or not.

4-16) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4-17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a 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.

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4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-18) Employees' defined benefit

Short-term employees' benefit

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

Defined contribution plan

Retirement benefit in the form of General Organization of Social Insurance ("GOSI") is a defined contribution scheme. The Company has no obligation, other than the contributions payable to the GOSI. The Company recognizes contributions payable to the GOSI as an expense when due.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension liability recognized in the statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using projected credit unit method. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of changes in equity as a remeasurement reserve with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to profit or loss in subsequent periods.

4-19) Fair value measurements

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 accessible market for the asset or liability.

The principal market or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy, listed below, and based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in an active market 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.

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

**Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-20) Revenue

The Company recognizes revenue based on a five-step model as set out in IFRS (15):

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.
- Step 2. Identify the performance obligation(s) in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from fuel sales

Revenue is recognized at a point in time when fuel is sold to the customer at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for the fuel. The Company concluded that in general it is the principal in its sale agreements as it usually controls goods before delivery to the customer.

Revenue from logistics and transport services

The company is engaged in logistics and transportation services for various goods and materials. They operate a fleet of trucks and trailers which are utilized to serve both their domestic market and neighbouring countries. The Company offer end-to-end solutions and value-added services such as warehousing and inventory management. Revenue is recognised when services are rendered to the customers (i.e., when performance obligation is fulfilled).

Rendering of the services

The Company is engaged in providing services related to vehicle inspection, transportation and distribution of refined petroleum products, and it recognizes the revenue of these services upon completion of their provision, given that the duration of services is generally short in nature.

Revenue from rental

The Company leases facilities of the gas stations as a lessor and is recognized as rental income over the lease term.

Other income is recognised when earned. Revenue and related expenses on inter-divisional sales are netted-off.

4-21) Contract balances

Contract assets

A contract asset is the Company's right to consideration in exchange for goods and services transferred by the Company to the customer. If the Company transfers goods or services to a customer before the customer pays any consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

Contract liabilities

A contract liability is recognized if an advance payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e. transfers control of the related goods or services to the customer).

Advance payments represent amounts received for prepaid fuel cards issued by the Company that have not yet been used by customers as at the date of the statement of financial position.

4-22) Expenses

Expenses are recognised when incurred based on the accrual basis of accounting. Expenses are classified as:

- a) Cost of revenue: this category includes costs directly related to the sale of fuel and transport services that generate the recognized revenue.

Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

4) MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-22) Expenses (continued)

- b) Selling and marketing: expenses within this category are incurred in promoting and marketing the company's fuel inventories or transport services.
- c) General and administrative: all other expenses, other than direct costs, are classified as general and administrative expenses.

Allocations between cost of revenue, selling and marketing and general and administrative expenses are made on a consistent basis, as determined appropriate by the Company.

4-23) Segmental reporting

An operating segment is a component of a Company that engages in business activities from which the Company may generate revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The results of operations for all operating segments are regularly reviewed by the Company's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and to assess their performance, and for which discrete financial information is available.

5) SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. The differences arising on revisions to estimates are recognized prospectively.

5-1) Significant assumptions and estimates

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

5) SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS (continued)

5-1) Significant assumptions and estimates (continued)

Provision for expected credit losses of trade receivables and contract assets (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note (13) and Note (25-2).

Impairment on non-financial assets

An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employee' defined benefit liabilities

Defined benefit obligations to employees are determined using actuarial valuation processes. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation ("DBO") is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful lives and residual values of property and equipment

The useful life of each item of the Company's property and equipment is estimated based on the period during which the asset is expected to be available for use. This estimate is based on a collective evaluation of practices in similar businesses, internal technical evaluation, past experience with similar assets and application of judgments when the asset becomes available for use and computation of the depreciation cost.

The estimated useful life of each asset is periodically reviewed and updated in the event that expectations differ from previous estimates as a result of normal depreciation of the asset, technical and commercial obsolescence, legal or other restrictions on the use of the asset. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

These financial statements have been prepared under the going concern basis. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Zakat assessments

Provision for zakat and withholding taxes is determined by the Company in accordance with the requirements of the Zakat, Tax, and Customs Authority ("ZATCA") and is subject to change based on final assessments received from the ZATCA. The Company recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the ZATCA is dependent on the eventual outcome of the appeal process which the Company is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the statement of comprehensive income in the period in which such final determination is made.

Aldrees Petroleum and Transport Services Company (ALDREES)
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

5) SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS (continued)

5-2) Significant judgments

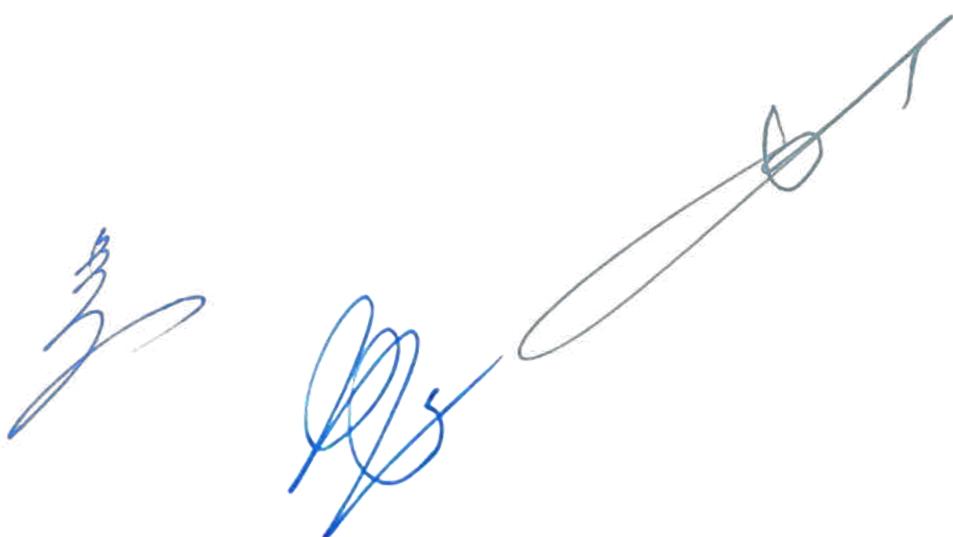
Property lease classification – The Company as a lessor

The Company has entered into lease agreements for its properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determining the lease term of contracts with renewal and termination options – The Company as lessee

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

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



Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

6) PROPERTY AND EQUIPMENT

	<i>Lands</i>	<i>Buildings</i>	<i>Leasehold improvements</i>	<i>Machinery and equipment</i>	<i>Trucks and vehicles</i>	<i>Computers</i>	<i>Tools</i>	<i>Furniture and fixture</i>	<i>Projects under construction*</i>	<i>Total</i>
<i>2025</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Cost:</i>										
At the beginning of the year	245,800,358	228,308,089	1,393,932,598	229,299,189	1,010,133,638	20,933,734	28,058,546	42,873,105	62,800,905	3,261,140,162
Additions	-	4,395,059	107,943,599	26,490,056	160,795,258	1,781,477	4,143,331	5,350,892	48,241,184	359,140,856
Disposals	-	(314,533)	(16,943,361)	(1,819,352)	(159,192,809)	(2,297,372)	(3,809,450)	(2,370,856)	-	(186,747,733)
Transfers	-	-	79,065,729	5,840,970	-	40,550	75,642	323,586	(85,346,477)	-
At the end of the year	245,800,358	232,388,615	1,563,998,565	259,810,863	1,010,736,087	20,458,389	28,468,069	46,176,727	25,695,612	3,433,533,285
<i>Accumulated depreciation:</i>										
At the beginning of the year	-	77,192,498	471,732,108	106,746,641	422,511,181	14,781,754	18,736,006	27,450,556	-	1,139,150,744
Change for the year	-	7,639,808	103,474,169	29,240,018	57,722,589	1,599,382	3,743,683	3,683,114	-	207,102,663
Disposals	-	(83,351)	(14,690,985)	(1,547,608)	(133,839,697)	(2,296,636)	(3,794,227)	(2,300,315)	-	(158,552,819)
At the end of the year	-	84,748,955	560,515,292	134,439,051	346,394,073	14,084,400	18,685,462	28,833,355	-	1,187,700,588
<i>Net book value:</i>										
At 31 December 2025	245,800,358	147,639,660	1,003,483,273	125,371,812	664,342,014	6,373,989	9,782,607	17,343,372	25,695,612	2,245,832,697

Aldrees Petroleum and Transport Services Company (ALDRIES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

6) PROPERTY AND EQUIPMENT (continued)

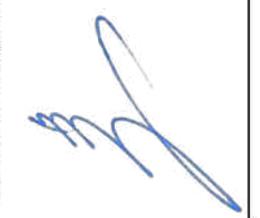
	<i>Lands</i> <i>Cost</i>	<i>Buildings</i> <i>Cost</i>	<i>Leasehold improvements</i> <i>Cost</i>	<i>Machinery and equipment</i> <i>Cost</i>	<i>Trucks and vehicles</i> <i>Cost</i>	<i>Computers</i> <i>Cost</i>	<i>Tools</i> <i>Cost</i>	<i>Furniture and future construction*</i> <i>Cost</i>	<i>Projects under construction*</i> <i>Cost</i>	<i>Total</i> <i>Cost</i>
<i>Cost</i>										
At the beginning of the year	237,853,958	223,277,992	1,188,530,298	174,914,344	924,265,909	19,308,723	22,962,286	37,300,936	61,717,230	2,890,131,676
Additions	7,946,400	5,030,097	135,127,433	50,108,311	133,305,857	1,563,055	5,044,420	5,538,247	84,102,253	427,766,073
Disposals	-	-	(7,054,108)	(1,107,394)	(48,438,128)	(3,050)	(19,408)	(135,499)	-	(56,757,587)
Transfers	-	-	77,328,975	5,383,928	-	65,006	71,248	169,421	(83,018,578)	-
At the end of the year	<u>245,800,358</u>	<u>228,308,089</u>	<u>1,393,932,598</u>	<u>229,299,189</u>	<u>1,009,133,638</u>	<u>20,933,734</u>	<u>28,058,546</u>	<u>42,873,105</u>	<u>62,800,905</u>	<u>3,261,140,162</u>
<i>Accumulated depreciation:</i>										
At the beginning of the year	-	69,670,325	384,289,192	85,836,858	407,203,107	13,254,328	15,809,023	24,430,397	-	1,000,493,230
Charge for the year	-	7,522,173	93,054,570	21,896,122	52,704,485	1,528,128	2,913,438	3,145,989	-	182,794,905
Disposals	-	-	(5,611,654)	(986,339)	(37,396,411)	(702)	(16,455)	(125,830)	-	(44,137,391)
At the end of the year	-	<u>77,192,498</u>	<u>471,732,108</u>	<u>106,746,641</u>	<u>422,511,181</u>	<u>14,781,754</u>	<u>18,736,006</u>	<u>27,450,556</u>	<u>-</u>	<u>1,139,150,744</u>
<i>Net book value:</i>										
At 31 December 2024	<u>245,800,358</u>	<u>151,155,591</u>	<u>922,200,490</u>	<u>122,552,548</u>	<u>586,622,457</u>	<u>6,151,980</u>	<u>9,322,540</u>	<u>15,422,549</u>	<u>62,800,905</u>	<u>2,121,989,418</u>

(*) Projects under construction as at 31 December 2025 and 2024 represents cost incurred in connection with buildings and leasehold improvements of fuel stations and workshops, which are not finished yet.

Total depreciation expense of property and equipment was charged as follows in the statement of comprehensive income:

	<i>2025</i>	<i>2024</i>
Cost of revenue (Note 26-1)	<u>195,736,901</u>	<u>173,311,169</u>
General and administrative expense (Note 28)	<u>11,365,762</u>	<u>9,483,736</u>
	<u><u>207,102,663</u></u>	<u><u>182,794,905</u></u>


 Cost of revenue (Note 26-1)
 General and administrative expense (Note 28)



Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

7) INTANGIBLE ASSETS

	2025 ₪	2024 ₪
<i>Cost:</i>		
At the beginning of the year	7,259,633	7,181,303
Additions	-	78,330
At the end of the year	<u>7,259,633</u>	<u>7,259,633</u>
<i>Accumulated amortization:</i>		
At the beginning of the year	6,456,667	5,651,303
Charge for the year	336,991	805,364
At the end of the year	<u>6,793,658</u>	<u>6,456,667</u>
<i>Net book value</i>	<u>465,975</u>	<u>802,966</u>

Total amortization expense of intangible assets was charged as follows in the statement of comprehensive income:

	2025 ₪	2024 ₪
Cost of revenue (Note 26-1)	318,895	781,440
General and administrative expense	<u>18,096</u>	<u>23,924</u>
	<u>336,991</u>	<u>805,364</u>

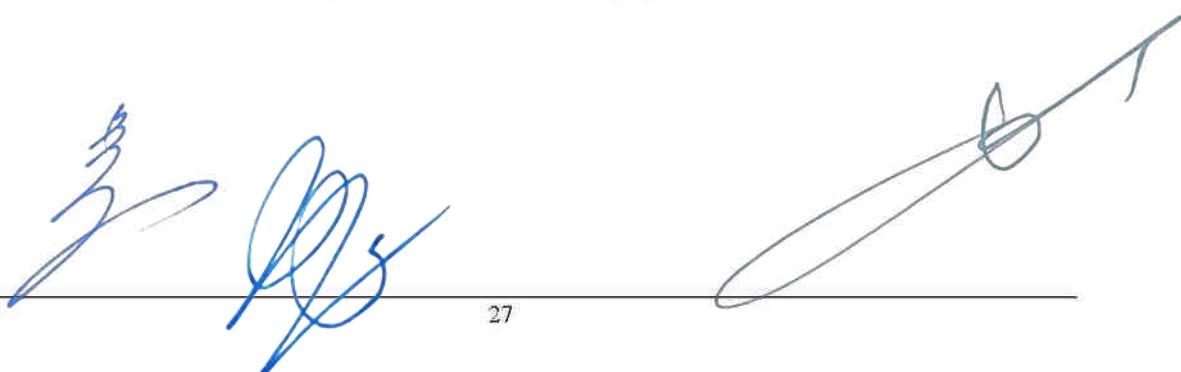
8) RIGHT OF USE ASSETS

The Company has leases related to fuel filling stations for which lease terms usually range between 5 years to 30 years. There are several leases that include extension and termination options.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2025 ₪	2024 ₪
<i>Cost:</i>		
At the beginning of the year	5,728,038,274	5,279,803,187
Additions	645,710,558	714,294,389
Related to disposals	(114,402,211)	(106,734,761)
Related to modifications	<u>(331,677,510)</u>	<u>(159,324,541)</u>
At the end of the year	<u>5,927,669,111</u>	<u>5,728,038,274</u>
<i>Accumulated depreciation:</i>		
At the beginning of the year	1,565,304,172	1,427,274,924
Charge for the year (Note 19 and 26-1)	404,906,687	383,344,496
Related to disposals	(92,566,418)	(45,412,171)
Related to modifications	<u>(386,420,564)</u>	<u>(199,903,077)</u>
At the end of the year	<u>1,491,223,877</u>	<u>1,565,304,172</u>
<i>Net book value</i>	<u>4,436,445,234</u>	<u>4,162,734,102</u>

There were no leases with residual value guarantees to which the Company is committed.



**Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

9) INVESTMENT IN A JOINT VENTURE

On 21 Sha'aban 1434H (corresponding to 30 June 2013), the Company has signed a joint venture (JV) agreement with Bertschi AG, an entity incorporated in Switzerland, to establish Aldrees Bertschi Logistic Services Company (a jointly controlled entity) to provide logistic services. The Company has a 50% interest in the joint venture, Aldrees Bertschi Logistic Services Company. On 22 March 2015, the Company and co-venturer have made a contribution of ₩500,000 each towards the establishment of the jointly controlled entity. Summarised financial information of the joint venture, based on its financial statements is set out below:

Summarised statement of financial position of Aldrees Bertschi Logistic Services Company:

	2025	2024
	₪	₪
Current assets, including cash and bank balances ₩ 13.5 million (2024: ₩ 15.7 million) and prepayments ₩ 1.4 million (2024: ₩ 1.12 million)	22,585,478	26,105,361
Non-current assets	30,212,013	19,838,184
Current Liabilities, including zakat payable ₩ 0.22 million (2024: ₩ 0.30 million)	5,083,964	3,198,683
Non-current Liabilities	10,965,635	4,604,940
Equity	36,747,892	38,139,922
Company's share in equity – 50% (2024: 50%)	18,373,946	19,069,961
Company's carrying amount of the investment	18,373,946	19,069,961

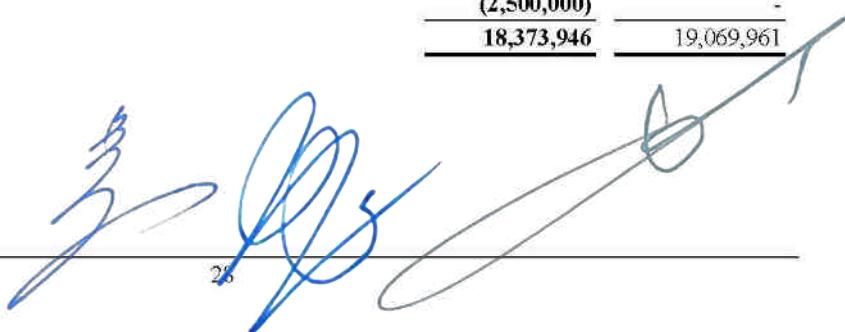
Summarised statement of comprehensive income of Aldrees Bertschi Logistic Services Company:

	2025	2024
	₪	₪
Revenue	21,698,237	21,448,950
Cost of revenue	(13,139,054)	(12,722,708)
Selling and marketing expenses	(6,274)	(12,950)
General and administrative expenses	(3,549,518)	(2,721,228)
Finance costs, including interest expense Nil (2024: ₩ 225.6 thousand)	(495,421)	(239,674)
Profit before zakat	4,507,970	5,752,390
Zakat	(900,000)	(950,406)
Net income for the year (continuing operations)	3,607,970	4,801,984
Total comprehensive income for the year (continuing operations)	3,607,970	4,801,984
Company's share of net income for the year	1,803,985	2,400,992

The joint venture had no other contingent liabilities or commitments as at 31 December 2025 and 2024.

The movement in the Company's investment account during the year was as follows:

	2025	2024
	₪	₪
At the beginning of the year	19,069,961	16,668,969
The Company's share of the joint venture results	1,803,985	2,400,992
Dividends paid	(2,500,000)	-
At the end of the year	18,373,946	19,069,961



Handwritten signature of the auditor, appearing to read 'Al-Sa'ad & Partners'.

**Aldrees Petroleum and Transport Services Company (ALDREES)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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10) INVESTMENTS AT AMORTISED COST

The Company invested in sukuks inside the Kingdom of Saudi Arabia with an amount of ₩ 520.1 million (31 December 2024: 468.9 million), and these sukuks carry fixed income returns between 5.25% to 6.40%, and investment in Sukuks SAB carries SIBOR + 1.25%.

The Company's management classified investments in sukuks at amortized cost as it passes solely payments of principal and interest (SPPI) based on the business model prepared by the Company's management.

2025 ₩ 2024 ₩

Long-term investments at amortised cost:

Investments in Sukuks Riyad Capital (fixed interest return of 5.50%)	223,875,000	223,875,000
Investment in Sukuks SAB (fixed interest return of SIBOR + 1.25%)	100,000,000	100,000,000
Investment in Sukuks Riyad Bank (fixed interest return of 5.25%)	100,000,000	100,000,000
Investment in Sukuks Al-Rajhi Bank (fixed interest return of 5.50%)	45,000,000	45,000,000
Investments in Sukuks Riyad Bank Tier 1 (fixed interest return of 6.00%)	31,250,000	-
Investment in Sukuks BSF Bank Tier 1 (fixed interest return of 6.40%)	20,000,000	-
	520,125,000	468,875,000

The Company had no short term investment for the year ended 31 December 2025 (2024: the company held investment in short term sukuk inside the Kingdom of Saudi Arabia with an amount of ₩ 30 million and this sukuk carried fixed interest returns of 5.10% annually).

2025 ₩ 2024 ₩

Short-term investment at amortised cost:

Investment in Sukuk Al-Rajhi Emkan Finance (fixed interest return of 5.10%)	-	30,000,000
	-	30,000,000

The movement in interest receivable from the investment during the year was as follows:

	2025 ₩	2024 ₩
At the beginning of the year	5,796,354	2,805,826
Interest income earned during the year	28,860,123	19,634,627
Amounts received	(28,463,680)	(16,644,099)
At the end of the year (Note 14)	6,192,797	5,796,354

11) DEFERRED COSTS

2025 ₩ 2024 ₩

Cost:

At the beginning of the year	44,528,243	43,197,243
Additions	4,795,786	2,297,625
Written off (*)	(121,310)	(966,625)
At the end of the year	49,202,719	44,528,243

Accumulated amortization:

At the beginning of the year	23,024,866	22,093,858
Charge for the year (Note 26-1)	1,989,844	1,897,632
Written off (*)	(121,310)	(966,625)
At the end of the year	24,893,400	23,024,866
Net book value	24,309,319	21,503,377

(*) Due to the full amortization of the deferred costs relating to certain contracts of petroleum services segment. The management has written off the deferred cost and accumulated amortization of the related contracts.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

12) INVENTORIES, NET

	2025 冀	2024 冀
Fuel (Petrol, Diesel, Kerosene)	215,304,387	162,400,090
Spare parts and oil, filter, etc.	107,308,799	107,135,845
Allowance for obsolete and slow-moving inventories	<u>(2,842,974)</u>	<u>(2,553,478)</u>
	<u>319,770,212</u>	<u>266,982,457</u>

The movement in the provision for obsolete and slow-moving inventories during the year was follows:

	2025 冀	2024 冀
At the beginning of the year	2,553,478	2,643,834
Charged during the year	680,583	724,150
Reversal	<u>(391,087)</u>	<u>(814,506)</u>
At the end of the year	<u>2,842,974</u>	<u>2,553,478</u>

13) TRADE RECEIVABLES, NET

	2025 冀	2024 冀
Trade receivables	745,662,327	536,700,785
Allowance for expected credit losses	<u>(19,002,726)</u>	<u>(14,307,221)</u>
	<u>726,659,601</u>	<u>522,393,564</u>

- Trade receivables mature within a period ranging from 30 to 60 days. The carrying value of trade receivables is affected by the change in the credit rating of other parties.
- Trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majorities are, therefore, unsecured.
- As at 31 December 2025, trade receivables include balances amounting to冀 647.8 million (31 December 2024:冀 387.8 million) due from governmental and government related customers. These parties have an extended credit period compared to the other regular customers.

The movement in the provision for expected credit losses during the year was follows:

	2025 冀	2024 冀
At the beginning of the year	14,307,221	16,455,087
Charged during the year (Note 28)	5,122,892	5,827,348
Write off for the year	<u>(427,387)</u>	<u>(7,975,214)</u>
At the end of the year	<u>19,002,726</u>	<u>14,307,221</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

13) TRADE RECEIVABLES, NET (continued)

Aging analysis of trade receivables

Following is the provision criteria used for expected credit loss for trade receivables as of 31 December:

	Total ₪	0-90 days ₪	91-180 days ₪	181-270 days ₪	271-360 days ₪	>1 years ₪
Provision for expected credit loss						
2025	19,002,726	538,411	3,199,727	762,055	917,631	13,584,902
2024	14,307,221	891,677	1,943,381	1,043,615	1,368,280	9,060,268
Trade receivables						
2025	745,662,327	484,109,445	158,457,273	17,905,589	14,819,902	70,370,118
2024	536,700,785	357,940,329	108,720,187	15,941,134	15,283,010	38,816,125
Weighted average expected loss rate						
2025	2.55%	0.11%	2.02%	4.26%	6.19%	19.30%
2024	2.67%	0.25%	1.79%	6.55%	8.95%	23.34%

Refer to (Note 31) for information about the credit risk exposure on the Company's trade receivables.

14) PREPAYMENTS AND OTHER CURRENT ASSETS

	2025 ₪	31 December 2024 (Restated, note 37)	1 January 2024 (Restated, note 37)
Advance rent payments	313,309,059	272,807,667	167,950,637
Value Added Tax ("VAT")	257,595,040	-	28,980,231
Advance payments to suppliers	89,386,432	67,213,724	80,401,285
Receivables from employees	34,461,892	25,071,015	21,329,894
Prepaid tires expense	14,236,855	12,460,935	14,672,922
Interest receivable (Note 10)	6,192,797	5,796,354	2,805,826
Letters of Guarantee /Letters of Credit deposit security	5,704,090	5,406,091	4,580,933
Advance material to technicians	3,892,753	4,033,148	3,259,456
Prepaid Letters of Guarantee commission	2,945,660	3,539,341	5,421,874
Receivables from call accounts (Note 15)	1,447,548	1,917,701	-
Insurance claims	186,479	204,964	1,539,747
Other prepaid expenses	55,123,269	41,528,727	36,155,364
	784,481,874	439,979,667	367,098,169

15) BANK BALANCES

	2025 ₪	2024 ₪
Cash in banks	289,438,607	241,982,102
	289,438,607	241,982,102

As at 31 December 2025, the Company has available facilities amounting ₪ 3,720 million (31 December 2024: ₪ 3,440 million) representing unutilized cash from the cash facility granted from local banks.

The cash in banks includes call accounts that carry profit rates ranging from 2.50% to 4.50%. The Company earned a profit of ₪ 421 million from these accounts, which is disclosed as finance income in the statement of comprehensive income. As of 31 December 2025, the Company had accrued profit of ₪ 1.4 million on these call accounts (Note 14).

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16) RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include the shareholders, the key management personnel and the companies where the Company, the shareholders, the board of directors or key management personnel has control, joint control or significant influence. During its ordinary course of business, the Company transacts with related parties in accordance with the terms approved by management. The transactions represent services exchanged between the entities.

Key management personnel's benefits and compensation

The senior management represents the key members of the Company's management who have the powers and responsibilities to plan, direct and control the Company's activities. Key management personnel's benefits & compensation are as follows:

<i>Nature of transaction</i>	<i>Nature of relationship</i>	<i>2025</i> 冀	<i>2024</i> 冀
Salaries and benefits	Key management personnel	40,225,441	34,241,076
Employees' terminal benefits	Key management personnel	1,290,922	1,277,422
Board of Directors' remunerations, attendance allowances and committee's remunerations	Board of Directors members	7,120,000	7,055,000
		<u>48,636,363</u>	<u>42,573,498</u>

A list of the related parties of the Company is as follows:

<i>Name of the related party</i>	<i>Nature of relationship</i>
Al – Drees for Industry and Trading (ALITCO)	Affiliate
Seven Lights Trading Company	Affiliate
Hamad Aldrees & Partners Company for Industry & Mining	Affiliate
Aldrees Bertschi Logistic Services Company	Joint venture
Mr. Hamad Mohammed Aldrees	Chairman of Board of Directors
Mr. Abdulmohsen Mohammad Aldrees	Member of the Board of Directors

Details of significant transactions and resulted balances are as follows:

Due from related parties

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i>		<i>Balance</i>	
			<i>2025</i> 冀	<i>2024</i> 冀	<i>2025</i> 冀	<i>2024</i> 冀
Al – Drees for Industry and Trading	Affiliate	Sales	1,337,575	958,940	9,016,450	2,655,166
Aldrees Bertschi Logistic Services Company	Joint venture	Repayment of finance (*)	440,670	480,492	676	2,317,722
Hamad Aldrees & Partners Company for Industry & Mining	Affiliate	Sales	5,475,953	4,117,774	<u>908,510</u>	<u>322,998</u>
					<u>9,925,636</u>	<u>5,295,886</u>

(*) The balance due from related parties is interest free and is repayable at the discretion of the Company.

Due to related parties

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i>		<i>Balance</i>	
			<i>2025</i> 冀	<i>2024</i> 冀	<i>2025</i> 冀	<i>2024</i> 冀
Al – Drees for Industry and Trading	Affiliate	Purchases	18,277,893	16,482,952	<u>2,189,924</u>	<u>3,286,540</u>
Mr. Hamad Mohammed Aldrees	Chairman of Board of Directors	Station rent	1,450,000	1,250,000	-	-
Seven Lights Trading Company	Affiliate	Station rent	1,100,000	1,050,000	-	-
Mr. Abdulmohsen Mohammad Aldrees	Member of the Board of Directors	Site rent	200,000	200,000	<u>2,189,924</u>	<u>3,286,540</u>

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 For the year ended 31 December 2025

17) SHARE CAPITAL

The Company's share capital at 31 December 2025 amounted to ₩ 1 billion (31 December 2024: ₩ 1 billion), consisting of 100 million ordinary shares as of 31 December 2025 (31 December 2024: 100 million ordinary shares), issued and fully paid with a nominal value of ₩10 per share.

	2025	2024
	₪	₪
Authorized, issued and fully paid capital comprises 100 million fully paid ordinary shares at ₩ 10 each (31 December 2024: 100 million fully paid ordinary shares at ₩ 10 each)	<u>1,000,000,000</u>	1,000,000,000

18) STATUTORY RESERVE

In accordance with the Company's Bylaws, the Company is required to transfer 10% of its net income to the statutory reserve. The reserve is not available for distribution.

19) LEASE LIABILITIES

Company as a lessee

The Company lease contracts include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised.

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2025	2024
	₪	₪
At the beginning of the year	4,047,658,362	3,693,491,452
Additions	580,563,470	634,307,934
Accretion of interest (Note 29)	224,497,434	186,533,119
Disposals	(23,078,050)	(79,768,913)
Modification	(33,908,529)	(46,281,650)
Payments	(436,202,816)	(340,623,580)
At the end of the year	<u>4,359,529,871</u>	4,047,658,362
Analysis of total lease liabilities:		
Non-current portion of lease liabilities	3,926,027,277	3,577,811,738
Current portion of lease liabilities	433,502,594	469,846,624
	<u>4,359,529,871</u>	4,047,658,362

The maturity analysis of lease liabilities is disclosed in (Note 31).

The following are the amounts recognised in profit or loss in the statement of comprehensive income:

	2025	2024
	₪	₪
Depreciation expense of right-of-use assets (Note 8 and Note 26-1)	404,906,687	383,344,496
Financial cost on lease liabilities (Note 29)	224,497,434	186,533,119
Total amount recognised in profit or loss in the statement of comprehensive income	<u>629,404,121</u>	569,877,615

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For the year ended 31 December 2025

19) LEASE LIABILITIES (continued)

Company as a lessor

The Company has entered into operating leases on its properties. These leases are short term leases. Rental income recognised by the Company during the year is ₩ 392,4 million (2024: ₩ 339,4 million) (Note 25-1).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2025	2024
	₪	₪
Within one year	156,857,966	108,219,964
Between 1 and 2 years	117,680,619	112,530,802
Between 2 and 3 years	77,522,653	95,681,842
More than 3 years	59,158,555	55,073,134
	411,219,793	371,505,742

20) EMPLOYEES' DEFINED BENEFIT LIABILITIES

	2025	2024
	₪	₪
Service cost	21,814,498	18,943,415
Interest cost on defined benefit obligation	9,804,480	8,050,579
	31,618,978	26,993,994

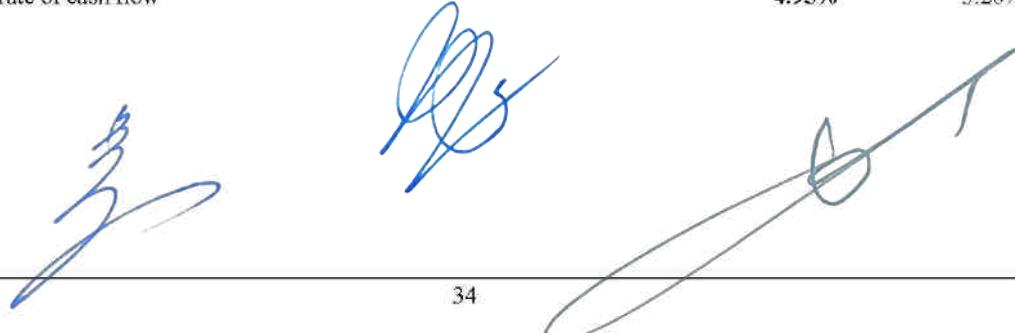
The movement for employees' defined benefits liabilities during the year was as follows:

	2025	2024
	₪	₪
Net defined benefit liability as at beginning of the year	200,513,578	159,509,278
Service cost	21,814,498	18,943,415
Interest cost on defined benefit obligation	9,804,480	8,050,579
Benefits paid/payable to outgoing members	(6,636,172)	(5,469,096)
Re-measurements: Actuarial loss on obligation	153,960	19,479,402
	225,650,344	200,513,578
Advance end of service payments to employees (*)	(46,017,369)	(41,564,116)
	179,632,975	158,949,462

(*) The company has made advance payments to employees, which are deducted from the End of Service Benefits (EOSB) provision.

The main assumptions used for actuarial valuation were as follows:

	2025	2024
	Moderate	Moderate
Employee turnover	WHO SA19	WHO SA19
Morality rate	4.95%	5.20%
Long term salary increase rate	4.95%	5.20%
Discount rate of cash flow	4.95%	5.20%



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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

20) EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities:

Assumptions	Salary increase rate		Discount rate	
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
31 December 2025	235,990,595	216,055,132	216,613,135	235,479,061
31 December 2024	207,176,034	194,207,169	194,697,245	206,715,747

The sensitivity analysis above has been undertaken based on a method that extrapolates the impact on the employee defined benefits obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employee defined benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

21) TRADE PAYABLES

	2025	2024
	悲	悲
Saudi Arabian Oil Company ("Aramco")	2,346,024,061	1,774,955,917
Other	76,793,811	58,721,498
	<u>2,422,817,872</u>	<u>1,833,677,415</u>

22) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2025	2024
	悲	悲
Contract liabilities (Note 25-3)	323,958,695	271,832,393
Advances from customers	231,541,624	244,907,392
Accrued expenses	199,356,031	166,366,029
Accrued vacation	22,520,498	19,352,329
Accrued tickets	12,865,873	11,059,348
Accrued bank commission	177,100	86,671
Value Added Tax ("VAT")	-	22,892,836
	<u>790,419,821</u>	<u>736,496,998</u>



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 For the year ended 31 December 2025

23) ZAKAT PAYABLE

a) Charge for the year:

Zakat charge for the year comprise of the following:

	2025 冀	2024 冀
Provided during the year (Note 23-d)	<u>11,237,343</u>	<u>8,339,067</u>
	<u>11,237,343</u>	<u>8,339,067</u>

b) Zakat base

The calculation of zakat base is as follows:

	2025 冀	2024 冀
Shareholders' equity – beginning of the year	1,762,076,205	1,505,389,998
Long-term financing / Credit balances	7,352,789,257	5,413,856,139
Adjusted net income subject to zakat (Note 23-c)	422,742,741	339,186,116
Deductions:		
Book value of long-term assets, net	<u>(7,352,789,257)</u>	<u>(6,902,110,665)</u>
Zakat base (*)	<u>-</u>	<u>17,135,472</u>

(*) Zakat is due at 2.5% of the adjusted net income and 2.57768% of the zakat base minus the adjusted income. The zakat charge for the years ending on December 31, 2025 and 2024 has been calculated based on adjusted profit.

c) Adjusted net income for the year:

	2025 冀	2024 冀
Net income for the year	422,742,741	339,186,116
Adjusted net income subject to zakat for the year (Note 23-b)	<u>422,742,741</u>	<u>339,186,116</u>

d) Movement in provision during the year:

The movements in provision for zakat during the year was as follows:

	2025 冀	2024 冀
At the beginning of the year	8,767,099	9,092,497
Provided during the year (Note 23-a)	11,237,343	8,339,067
Payments made during the year	<u>(9,107,472)</u>	<u>(8,664,465)</u>
At the end of the year	<u>10,896,970</u>	<u>8,767,099</u>

e) Zakat status

The Zakat, Tax, and Customs Authority ("ZATCA") has issued final assessments for all years up to 2023. The Company has filed its zakat declaration for the year 2024 and has settled the zakat due, which is currently under review by ZATCA, and no preliminary or final assessments have been issued for this year.

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24) FACILITIES

These represent working capital facilities obtained during the year from local banks. These facilities carry variable interest rate at prevailing market rates.

In the normal course of business, the Company has obtained Islamic long term and short-term facilities from various local commercial banks as of 31 December 2025 amounting to ₩ 9,510 million (31 December 2024: ₩ 7,860 million). These facilities include advances in the current account, short term and long-term Tawarruq facilities, notes payable, letters of guarantee against the advance payments and contracts performance. The Company has unutilized facilities amounting to ₩ 3,720 million as at 31 December 2025 (31 December 2024: ₩ 3,440 million). The following are the details of the outstanding balance:

- a) The short-term facilities outstanding as of 31 December 2025, amounted to ₩ Nil (31 December 2024: ₩ 100,000,000).
- b) Long term facilities consist of the following:

<u>Bank</u>	<u>Type of facilities</u>	<u>Facility amount</u> ₪	<u>Utilized amount</u> ₪	<u>Outstanding Balance</u> ₪	<u>Purpose</u>	<u>Repayment frequency</u>	<u>Repayment</u>	<u>Date of first installment payment</u>	<u>Date of last installment payment</u>
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		
Riyad Bank Tawarruq financing	Revolving Long term financing	100,000,000 100,000,000	100,000,000 100,000,000	100,000,000 100,000,000	100,000,000 100,000,000	- -	75,000,000 75,000,000	Quarterly	27 Dec 2023 26 Dec 2027

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 For the year ended 31 December 2025

24) FACILITIES (continued)

24-1) The movement of the short-term facilities during the year was as follows:

	2025 ₪	2024 ₪
At the beginning of the year	100,000,000	360,000,000
Borrowings during the year	1,030,000,000	3,900,000,000
Paid during the year	<u>(1,130,000,000)</u>	<u>(4,160,000,000)</u>
At the end of the year	-	100,000,000

24-2) The movement of the long-facilities during the year was as follows:

	2025 ₪	2024 ₪
At the beginning of the year	75,000,000	110,285,714
Paid during the year	<u>(75,000,000)</u>	<u>(35,285,714)</u>
At the end of the year	-	75,000,000

Analysis of total facilities:

Non-current portion	-	50,000,000
Current portion	-	25,000,000
	<u>-</u>	<u>75,000,000</u>

The above facilities bear financial charges at the prevailing Saudi Interbank Rates (SIBOR) plus the agreed upon margin and are secured by promissory notes issued by the Company.

The facility agreements referred to above include financial covenants to maintain current ratio, liabilities to total equity ratio, net gearing ratio, debt service coverage ratio and total shareholders' equity.

25) REVENUE

25-1) Revenue from contracts with customers

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

	2025 ₪	2024 ₪
Revenue source		
Petrol revenue	24,661,675,511	18,404,115,795
Transport revenue	564,194,181	409,082,088
Lease revenue (Note 19)	392,394,914	339,394,251
Revenue from car services	<u>142,563,309</u>	<u>135,960,879</u>
	<u>25,760,827,915</u>	<u>19,288,553,013</u>

Timing of revenue recognition

Services transferred at point in time	25,368,433,001	18,949,158,762
Services transferred over time	<u>392,394,914</u>	<u>339,394,251</u>
	<u>25,760,827,915</u>	<u>19,288,553,013</u>

Geographical segmentation of revenue

Kingdom of Saudi Arabia	<u>25,760,827,915</u>	<u>19,288,553,013</u>
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25) REVENUE (continued)

25-2) Contract assets

Contract assets represent revenue from goods, rents, or services provided by the Company to the customer and have not yet been invoiced. The movement of the balance during the year ended on December 31 was as follows.

	2025 悲	2024 悲
Balance at 1 January	79,024,696	99,264,690
Contract assets during the year	2,739,640,652	2,183,990,936
Transfer from contract assets to trade receivable	<u>(2,740,516,886)</u>	<u>(2,204,230,930)</u>
At the end of the year	<u>78,148,462</u>	<u>79,024,696</u>

25-3) Contract liabilities

Contract liabilities represent amounts received in advance from customers for prepaid fuel cards issued by the Company. These prepaid fuel cards have not been utilized by customers as of the date of the financial statements. Additionally, the contract liabilities also include unearned returns received in advance for rental agreements. The movement of the balance during the year ended December 31 was as follows:

	2025 悲	2024 悲
Balance at 1 January	271,832,393	232,251,471
Contract liabilities during the year	3,061,614,484	2,304,793,462
Transfer to revenue	<u>(3,009,488,182)</u>	<u>(2,265,212,540)</u>
At the end of the year (Note 22)	<u>323,958,695</u>	<u>271,832,393</u>

26) COST OF REVENUE

	2025 悲	2024 <i>(Restated, note 37)</i> 悲
Inventories at the beginning of the year	266,982,457	194,778,060
Purchases during the year	23,242,899,990	17,232,870,733
Operating expenses during the year (Note 26-1)	1,635,798,347	1,310,063,742
Inventories at the end of the year	<u>(319,770,212)</u>	<u>(266,982,457)</u>
	<u>24,825,910,582</u>	<u>18,470,730,078</u>

26-1) OPERATING EXPENSES

	2025 悲	2024 <i>(Restated, note 37)</i> 悲
Employees' salaries and benefits	568,415,633	469,144,934
Depreciation of right-of-use assets (Note 8 and Note 19)	404,906,687	383,344,496
Depreciation of property and equipment (Note 6)	195,736,901	173,311,169
Rent of stations and offices	181,357,543	98,024,734
Cars fuel and oils	140,720,099	84,334,713
Electricity and water	40,928,103	28,116,106
Maintenance	38,466,973	26,810,875
Insurance	12,519,510	11,659,781
Amortization of deferred costs (Note 11)	1,989,844	1,897,633
Amortization of intangible assets (Note 7)	318,895	78,1440
Other	<u>50,438,159</u>	<u>32,637,861</u>
	<u>1,635,798,347</u>	<u>1,310,063,742</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

27) SELLING AND MARKETING EXPENSES

	2025 ر.س	2024 ر.س
Advertising and publicity	5,751,546	3,300,589
Commissions, bonus and sales incentives	1,673,109	1,399,896
	<u>7,424,655</u>	<u>4,700,485</u>

28) GENERAL AND ADMINISTRATIVE EXPENSES

	2025 ر.س	2024 ر.س
Employees' salaries and benefits	270,682,908	236,144,329
Depreciation of property and equipment (Note 6)	11,365,762	9,483,736
Maintenance	8,964,578	6,727,535
Provision for expected credit losses (Note 13)	5,122,892	5,827,348
Donations for social services	4,195,224	5,601,028
Professional fees	4,032,170	3,775,136
Utilities	3,844,886	3,196,347
Travel expense	2,453,042	2,212,283
Printing and stationery	2,258,930	2,407,473
Rent	2,208,462	2,477,977
Governmental expenses	1,914,818	1,934,203
Insurance	1,240,120	1,344,776
Saudi Stock Market expenses (Tadawul)	1,159,400	1,375,697
Other	<u>15,505,839</u>	<u>10,676,532</u>
	<u>334,949,031</u>	<u>293,184,400</u>

29) FINANCE COSTS

	2025 ر.س	2024 ر.س
Interest on lease liabilities (Note 19)	224,497,434	186,533,119
Guarantee commissions	10,692,662	10,739,532
Interest on facilities	2,771,743	12,915,515
	<u>237,961,839</u>	<u>210,188,166</u>

30) OTHER INCOME, NET

	2025 ر.س	2024 ر.س
Gains / (losses) on disposal of property and equipment	4,246,788	(748,583)
Disposal of scrap items	<u>1,456,348</u>	<u>1,286,759</u>
	<u>5,703,136</u>	<u>538,176</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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31) FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities include lease liabilities, trade payables, accruals, short-term and long-term facilities and amounts due to related parties. The Company's financial assets include bank balances, trade receivables and other receivables, investment in a joint venture, investments at amortized cost and amounts due from related parties which are integral to and are directly derived out of its regular business.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Senior Management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate risk. Financial instruments affected by market risk include short term facilities. There were no changes in these circumstances from the previous year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term facilities have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Company is not subject to any significant interest rate risk because it is a practice of the Company to settle all short-term debt obligations at the time of maturity which is generally one months.

At 31 December 2025, if the interest rate were to vary by +/- 1%, there would be a maximum increase or decrease in the interest expense by ₩ 0.026 million (31 December 2024: ₩ 1.03 million) effecting the income for the year.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, other current financial assets and related parties' balances) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 December 2025, the Company had 33 customers (31 December 2024: 22 customers) that owed it more than ₩ 3 million each and accounted for approximately 28% (31 December 2024: 21%) of all the receivables outstanding. There were 15 customers (31 December 2024: 12 customers) with balances greater than ₩ 10 million accounting for just over 27% (31 December 2024: 58%) of the total amounts of receivable and contract assets. The information about the credit risk exposure on the Company's trade receivables using a provision matrix is set out in (Note 13).

	2025	2024
	₩	₩
Bank balances	289,438,607	241,982,102
Trade receivables, net	726,659,601	522,393,564
Due from related parties	9,925,636	5,295,886
	<hr/> 1,026,023,844	<hr/> 769,671,552

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
 For the year ended 31 December 2025

31) FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

2025	Within 3 months	3 months to 1 year	1 to 5 year	More than 5 years	Total
	悲	悲	悲	悲	悲
Trade payables	-	2,422,817,872	-	-	2,422,817,872
Accrued expenses and other current liabilities	-	790,419,821	-	-	790,419,821
Zakat payable	-	10,896,970	-	-	10,896,970
Lease liabilities	149,164,845	361,922,162	2,138,767,220	3,545,549,526	6,195,403,753
Due to related parties	-	2,189,924	-	-	2,189,924
	149,164,845	3,588,246,749	2,138,767,220	3,545,549,526	9,421,728,340
2024	Within 3 months	3 months to 1 year	1 to 5 year	More than 5 years	Total
	悲	悲	悲	悲	悲
Short term facilities	100,000,000	-	-	-	100,000,000
Trade payables	-	1,833,677,415	-	-	1,833,677,415
Accrued expenses and other current liabilities	-	736,496,998	-	-	736,496,998
Zakat payable	-	8,339,067	428,032	-	8,767,099
Lease liabilities	103,875,960	328,155,542	2,155,172,551	4,040,231,202	6,627,435,255
Due to related parties	-	3,286,540	-	-	3,286,540
	203,875,960	2,909,955,562	2,155,600,583	4,040,231,202	9,309,663,307

32) CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as term facilities, lease liabilities, due to related parties and accrued expenses and other current liabilities (as shown in the statement of financial position) less bank balances.

Equity comprises all components of equity.

The Company's net debt to equity ratio as at 31 December was as follows:

	2025 悲	2024 悲
Term facilities	-	125,000,000
Lease liabilities	433,502,594	469,846,624
Due to related parties	2,189,924	3,286,540
Accrued expenses and other current liabilities	790,419,821	736,496,998
	1,226,112,339	1,334,630,162
Less: bank balances	(289,438,607)	(241,982,102)
Net debt	936,673,732	1,092,648,060
Total equity	1,688,489,130	1,416,797,320
Gearing ratio	55%	77%

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33) DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS

The Ordinary General Assembly ("OGA") in its meeting on 28 Sha'ban 1446H (corresponding to 27 February 2025) approved the Board of Directors' recommendation to distribute cash dividends amounting to ₩150 million at a rate of ₩ 1.5 per share to the shareholders for the financial year ended on 31 December 2024 (31 December 2024: cash dividends amounting to ₩75 million at a rate of ₩ 1). The dividends distributed represent 15% of the Company's share capital (31 December 2024: 10% of the Company's share capital). The assembly also approved the disbursement of ₩ 6 million as a remuneration to all members of the Board of Directors for the year 2024.

34) BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share attributable to equity holders from income were calculated by dividing the net income for the period by the weighted average number of outstanding shares.

2024 (Restated, note 37)		2025
		₪
Income for the year attributable to equity holders	421,845,770	344,650,993
Weighted average number of outstanding shares	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share	<u>4.22</u>	<u>3.44</u>



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35) SEGMENT INFORMATION

Since the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only. The Company has determined its business segments on the basis of type of goods supplied and services rendered by the Company's business segments and reported to the Company's executive management for the purposes of resource allocation and assessment of segment performance.

For executive management purposes, the Company is organized in the following business segments:

Petroleum Service Segment	This segment represents the activities of operating stations from the sale of fuels.		
Transport Services Segment	This segment represents transportation services of liquid and dry materials.		

	<i>Petroleum Service</i>	<i>Transport Service</i>	<i>Inter-segment eliminations</i>	<i>Total</i>
	北	北	北	北
<u>2025</u>				
Revenue				
External customers	25,336,773,669	813,929,931	(389,875,685)	25,760,827,915
Inter-segment	(140,139,935)	(249,735,750)	389,875,685	-
Total revenue	25,196,633,734	564,194,181	-	25,760,827,915
Income/(expenses)				
Cost of revenue	(24,639,882,146)	(575,904,121)	389,875,685	(24,825,910,582)
Gross profit	696,891,522	238,025,811	-	934,917,333
Segment income	295,194,972	126,650,798	-	421,845,770
Total assets	8,773,674,270	1,146,264,127	(465,961,834)	9,453,976,563
Total liabilities	7,627,774,356	603,674,911	(465,961,834)	7,765,487,433
Property and equipment	1,440,323,999	805,508,698	-	2,245,832,697
Right of use assets	4,431,480,287	4,964,947	-	4,436,445,234
<u>2024</u>				
Revenue	18,945,405,086	597,072,273	(253,924,346)	19,288,553,013
Inter-segment	(65,934,161)	(187,990,185)	253,924,346	-
Total revenue	18,879,470,925	409,082,088	-	19,288,553,013
Income/(expenses)				
Cost of revenue (Restated)	(18,308,374,105)	(416,280,319)	253,924,346	(18,470,730,078)
Gross Profit (Restated)	637,030,981	180,791,954	-	817,822,935
Segment income (Restated)	265,615,918	79,035,075	-	344,650,993
Total assets (Restated)	7,760,223,016	975,513,494	(355,103,314)	8,380,633,196
Total liabilities	6,791,685,219	527,253,971	(355,103,314)	6,963,835,876
Property and equipment	1,393,914,733	728,074,685	-	2,121,989,418
Right of use assets	4,162,734,102	-	-	4,162,734,102

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For the year ended 31 December 2025

35) SEGMENT INFORMATION (continued)

Reconciliation of profit

Reconciliation of information on reportable segments to income before zakat of the Company for the two years ended 31 December:

	2025	2024
	悲	悲
Gross profit of operating segments	934,917,333	817,822,935
Un-allocated amount:		
Selling and marketing expenses	(7,424,655)	(4,700,485)
General and administrative expenses	(334,949,031)	(293,184,400)
Finance costs	(237,961,839)	(210,188,166)
Finance income	42,134,061	20,666,381
Other income, net	5,703,136	538,176
Share in results of investment in a joint venture	1,803,985	2,400,992
Interest income from investments at amortised cost	28,860,123	19,634,627
Total un-allocated amounts	(501,834,220)	(464,832,875)
Income before zakat	433,083,113	352,990,060

36) CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

The Company has capital commitments of悲 80.3 million (31 December 2024:悲 69.0 million) mainly related to the cost of establishing and developing projects related to gas stations in various regions in the Kingdom of Saudi Arabia.

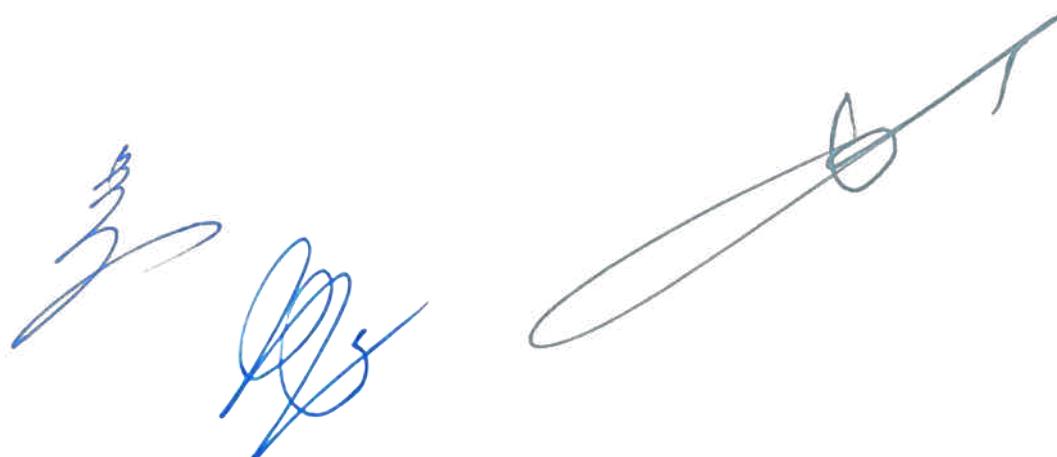
The Company has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are悲 9 million within one year,悲 38 million within five years and悲 101 million thereafter.

Contingent Liabilities

As at 31 December 2025, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to悲 5,789.6 million (31 December 2024:悲 4,260.2 million). Those have been issued in the normal course of business of the Company.

Legal claim contingency

The Company, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Company's financial position or on the results of its operations as reflected in these financial statements.



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37) RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

The Company, in its normal course of business, pays certain government fees and amortizes them over the validity period of the related permits based on the assumption that these fees are recoverable if not fully utilized. Recently, the relevant government authority issued a clarification that these fees are not recoverable. As a consequence, the Company has reflected the impact of this clarification as a correction of error in these financial statements retrospectively by restating prior years, in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The resultant impact of the above-mentioned restatement on the impacted line items in the financial statements for the prior years is shown in the table below:

Reversal of amortization previously recognized.

Impact on statement of changes in equity as at 1 January 2024

	<i>As previously Reported</i>	<i>Restatement</i>	<i>Balance after Restatement</i>
SHAREHOLDERS' EQUITY	非	非	非
Retained earnings			
Retained earnings	338,305,451	(69,294,050)	269,011,401

Impact on statement of financial position as at 1 January 2024

	<i>As previously Reported</i>	<i>Restatement</i>	<i>Balance after Restatement</i>
ASSETS	非	非	非
Prepayments and other current assets	436,392,219	(69,294,050)	367,098,169
SHAREHOLDERS' EQUITY			
Retained earnings	338,305,451	(69,294,050)	269,011,401

Impact on statement of financial position as at 31 December 2024

	<i>As previously Reported</i>	<i>Restatement</i>	<i>Balance after Restatement</i>
ASSETS	非	非	非
Prepayments and other current assets	502,669,772	(62,690,105)	439,979,667
SHAREHOLDERS' EQUITY			
Retained earnings	298,068,392	(63,350,499)	234,717,893
Statutory reserve	181,419,033	660,394	182,079,427

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37) RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION (continued)

Impact on statement of comprehensive income for the year ended 31 December 2024

	<i>As previously Reported</i>	<i>Restatement</i>	<i>Balance after Restatement</i>
	冀	冀	冀
Cost of revenue	(18,477,334,023)	6,603,945	(18,470,730,078)
Income before zakat	346,386,115	6,603,945	352,990,060
Net impact on net income for the year	338,047,048	6,603,945	344,650,993
Net impact on comprehensive income for the year	318,567,646	6,603,945	325,171,591
Earning per share:			
Basic and diluted earnings per share	3.38	0.06	3.44

Impact on statement of cash flows as at 31 December 2024

	<i>As previously Reported</i>	<i>Restatement</i>	<i>Balance after Restatement</i>
	冀	冀	冀
OPERATING ACTIVITIES			
Income before zakat	346,386,115	6,603,945	352,990,060
Prepayments and other current assets	(246,662,288)	(6,603,945)	(253,266,233)

38) SUBSEQUENT EVENTS

The Board of Directors in its meeting on 2 Sha'ban 1447H (corresponding to 21 January 2026) has recommended to distribute cash dividends amounting to冀 200 million at a rate of冀 2 per share representing 20% of the Company's share capital (31 December 2024:冀 150 million).

39) COMPARATIVE FIGURES

Certain comparative figures for the previous year have been reclassified and restated in order to confirm with the current year's classification.

40) APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 2 Sha'ban 1447 H (corresponding to 21 January 2026).

