

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY  
(A Saudi Joint Stock Company)**

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

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

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# *Independent auditor's report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company*

## **Report on the audit of the consolidated financial statements**

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### **Our opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Hassan Ghazi Ibrahim Shaker Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

### **What we have audited**

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### **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 Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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### **Our audit approach**

#### **Overview**

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Key Audit Matters

- Impairment of trade receivables
  - Valuation of investment in associates
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## *Independent auditor's report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)*

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### *Our audit approach (continued)*

#### **Overview** (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

#### **Key audit matters**

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



## *Independent auditor’s report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)*

### Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><b><i>Impairment of trade receivables</i></b></p> <p>As at December 31, 2025, the Group’s gross trade receivables balance was SR 539 million (2024: SR 471 million) with an associated provision for impairment loss of SR 45 million (2024: SR 49 million).</p> <p>The Group assesses at each reporting date whether the trade receivables (carried at amortised cost) are credit-impaired. The Group’s management has applied a simplified expected credit loss (“ECL”) model in accordance with International Financial Reporting Standard 9 (“IFRS 9”), to determine the allowance for impairment of trade receivables. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group’s trade receivables collections experience.</p> <p>We considered this as a key audit matter as the management applies significant judgment in determining an appropriate impairment loss allowance for trade receivables including macro-economic factors and the calculation of the time value for money.</p> <p><i>Refer to Note 2.2 (p) for the accounting policy, Note 3 (b) for the significant accounting judgments, estimates and assumptions, and Note 6 for the related disclosures in the accompanying consolidated financial statements.</i></p>	<p>Our audit procedures related to impairment losses on trade receivables included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the design and implementation of key controls over the process of ECL calculation.</li> <li>• Obtained management’s model for the impairment assessment and tested key assumptions, including those used to calculate the likelihood of default, by comparing to historical data and challenging these assumptions. We also considered the incorporation of forward-looking macro-economic factors, Gross Domestic Product (GDP), to reflect the impact of future events on expected credit losses. We also tested the arithmetical accuracy of the model.</li> <li>• On a sample basis, we tested the accuracy of the historical data and aging analysis of trade receivables used as inputs to the ECL model.</li> <li>• We involved our internal expert to assist us in reviewing the modeling framework in computing provisions under IFRS 9 for trade receivables including reviewing the model methodology and the ECL computation.</li> <li>• We considered the potential effect of macro-economic factors on the ECL model, including reviewing reasonably possible changes in GDP.</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the accompanying financial statements.</li> </ul>



## *Independent auditor’s report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)*

### Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><b><i>Valuation of investment in associates</i></b></p> <p>As at December 31, 2025, the carrying value of the Group’s investment in its associates amounted to SR 530 million (2024: SR 505 million).</p> <p>The Group is exposed to the risk of impairment of its equity-accounted investee, dependent on the performance of the investee and the environment in which it operates. The Group’s management considers whether there are indicators of impairment with respect to the investment in its associates and conducts its impairment test on an at least annual basis to assess the recoverability of the investment using the value-in-use model.</p> <p>Impairment assessment of this investment requires significant judgment with respect to future sales growth and profitability of the investee, cashflow projections and selection of appropriate discount rate. Further, there is a risk that the carrying value of the investment and any related impairment charge may be incorrect.</p> <p>We considered the valuation of the investment in the Group’s associates as a key audit matter due to the significant judgment and assumptions involved in the impairment assessment process, and the significant amount it represents as a proportion of the Group’s total assets.</p> <p><i>Refer to 2.2 (d) for the accounting policy, Note 3 (c) for the significant accounting judgments, estimates and assumptions, and Note 7 for the related disclosures in the accompanying consolidated financial statements.</i></p>	<p>Our audit procedures related to the valuation of investment in associates included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the design and implementation of key controls over the valuation of the Group’s investment in associates.</li> <li>• Utilized our internal valuations expert to assess the valuation approach and methodology and key assumptions used by management in their value-in-use calculation. Further, we have evaluated the appropriateness of the model used by management and assessed the reasonableness of significant management assumptions in respect of estimated future cash flows, sales growth, profitability of associate and discount rates, and we performed a sensitivity analysis on these key assumptions.</li> <li>• Compared management’s assumptions and applied our understanding of the future prospects of the business from internal and external sources and compared the forecasts to the historical past performance of the associate.</li> <li>• Assessed the completeness and accuracy of the information used by the Group management as the basis of their assessment.</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.</li> </ul>



## ***Independent auditor's report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)***

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### ***Other information***

The directors are responsible for the other information. The other information comprises the Annual report of the Group but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### ***Responsibilities of the board of directors and those charged with governance for the consolidated financial statements***

The Board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the board of directors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.



## *Independent auditor's report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)*

### *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.



## *Independent auditor's report to the shareholders of Al Hassan Ghazi Ibrahim Shaker Company (continued)*

### *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

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

**PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to be 'Khalid A. Mahdhar', written over a horizontal line.

Khalid A. Mahdhar  
License Number 368

February 26, 2026

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Financial Position**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	December 31, 2025	December 31, 2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4.1	181,648	169,090
Right-of-use assets	4.2	28,577	20,410
Intangible assets	5	16,257	15,106
Investment in associates	7	530,146	504,963
<b>Total non-current assets</b>		<b>756,628</b>	<b>709,569</b>
<b>Current assets</b>			
Inventories	8	427,981	336,474
Trade and other receivables	6	499,068	430,473
Prepayments and other debt balances	9	58,160	72,239
Investments at fair value through profit or loss	12	11,234	10,734
Cash and cash equivalents	10	57,292	22,797
<b>Total current assets</b>		<b>1,053,735</b>	<b>872,717</b>
Assets held for sale	31	-	11,191
<b>Total assets</b>		<b>1,810,363</b>	<b>1,593,477</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	555,000	555,000
Retained earnings		296,850	243,169
Non-Controlling interest		(229)	-
<b>Total equity</b>		<b>851,621</b>	<b>798,169</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion	4.2	16,536	11,473
Employees' benefits obligation	14	28,639	26,619
<b>Total non-current liabilities</b>		<b>45,175</b>	<b>38,092</b>
<b>Current liabilities</b>			
Short-term borrowings	13	477,665	270,908
Lease liabilities – current portion	4.2	11,043	7,163
Trade and other payables	15	411,544	466,248
Zakat liabilities	16	4,558	3,207
Warranty provision	17	8,757	9,690
<b>Total current liabilities</b>		<b>913,567</b>	<b>757,216</b>
<b>Total liabilities</b>		<b>958,742</b>	<b>795,308</b>
<b>Total equity and liabilities</b>		<b>1,810,363</b>	<b>1,593,477</b>

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

  
Abdulelah Abdullah Abunayyan  
Chairman

  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

  
Mazen Elghafeer  
Vice President of Finance

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31,	
		2025	2024
Revenues	19	1,394,968	1,415,906
Cost of sales	20	(1,047,896)	(1,069,383)
<b>Gross profit</b>		<b>347,072</b>	<b>346,523</b>
General and administrative expenses	23	(114,485)	(115,162)
Selling and distribution expenses	22	(135,496)	(141,468)
Impairment loss on trade and other receivables	6	(11,800)	(14,291)
Unrealized gains from investments at fair value through profit or loss	12	500	434
Other income	21	2,584	6,136
<b>Income from operations</b>		<b>88,375</b>	<b>82,172</b>
Finance costs	24	(26,141)	(32,872)
Other expense – foreign exchange loss		(1,506)	(1,722)
Share of net profit from investment in associates	7	26,608	38,004
<b>Income before zakat</b>		<b>87,336</b>	<b>85,582</b>
Zakat expense	16	(5,575)	(3,996)
<b>Net income for the year</b>		<b>81,761</b>	<b>81,586</b>
<b>Other comprehensive loss</b> <i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of employees' benefits obligation	14	(318)	(1,146)
<b>Other comprehensive loss for the year</b>		<b>(318)</b>	<b>(1,146)</b>
<b>Total comprehensive income for the year</b>		<b>81,443</b>	<b>80,440</b>
<b>Profit attributable to:</b>			
Owners of the Company		81,749	81,586
Non-controlling interests		12	-
		<b>81,761</b>	<b>81,586</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		81,431	80,440
Non-controlling interests		12	-
		<b>81,443</b>	<b>80,440</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share	25	1.473	1.470

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

  
Abdulrahman Abdullah Abunayyan  
Chairman

  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

  
Mazen Elghafeer  
Vice President of Finance

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Change in Equity**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Equity attributable to the owners of the Company			Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings		
<b>Balance at January 1, 2024</b>	482,334	144,348	91,047	-	717,729
Net income for the year	-	-	81,586	-	81,586
Other comprehensive loss	-	-	(1,146)	-	(1,146)
<b>Total comprehensive income for the year</b>	-	-	80,440	-	80,440
Increase in share capital (Note 1)	72,666	(72,666)	-	-	-
Transfer from reserves to retained earnings (Note 1)	-	(71,682)	71,682	-	-
<b>Balance at December 31, 2024</b>	<b>555,000</b>	<b>-</b>	<b>243,169</b>	<b>-</b>	<b>798,169</b>
<b>Balance at January 1, 2025</b>	<b>555,000</b>	<b>-</b>	<b>243,169</b>	<b>-</b>	<b>798,169</b>
Net income for the year	-	-	81,749	12	81,761
Other comprehensive loss	-	-	(318)	-	(318)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>81,431</b>	<b>12</b>	<b>81,443</b>
Dividends paid	-	-	(27,750)	-	(27,750)
NCI arising on acquisition of a subsidiary (Note 1)	-	-	-	(241)	(241)
<b>Balance at December 31, 2025</b>	<b>555,000</b>	<b>-</b>	<b>296,850</b>	<b>(229)</b>	<b>851,621</b>

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

  
Abdulelah Abdullah Abunayyan  
Chairman

  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

  
Mazen Elghafecr  
Vice President of Finance.

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated Statement of Cash Flows**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31,	
		2025	2024
<b>Cash flows from operating activities</b>			
Income before zakat:		87,336	85,582
<b>Adjustments for non-cash items</b>			
Depreciation of property and equipment	4.1	7,303	4,045
Depreciation of right-of-use assets	4.2	10,375	6,488
Amortization of intangible assets	5	608	45
Impairment losses on inventories	8	8,698	1,804
Impairment loss on trade and other receivables	6	11,800	14,291
Share of profit from investment in associates	7	(26,608)	(38,004)
Loss on disposal of ROU		34	-
Unrealized gains from investments at fair value through profit or loss	12	(500)	(434)
Finance costs	24	26,141	32,872
Impairment loss on equity investment at fair value through other comprehensive income		-	750
Provision for employees' benefits obligation	14	4,851	4,382
		<b>130,038</b>	<b>111,821</b>
<b>Changes in working capital:</b>			
Inventories		(100,205)	35,700
Trade and other receivables		(80,395)	(88,734)
Prepayments and other debt balances		14,079	16,064
Trade and other payables		(54,704)	132,676
Warranty provision		(933)	(3,267)
<b>Cash generated from operating activities</b>		<b>(92,120)</b>	<b>204,260</b>
Finance cost paid	13	(24,849)	(32,115)
Zakat paid	16	(4,224)	(7,331)
Employees' benefits obligation paid	14	(3,149)	(3,339)
<b>Net cash (used in) / generated from operating activities</b>		<b>(124,342)</b>	<b>161,475</b>
<b>Cash flows from investing activities</b>			
Payments to property and equipment	4.1	(8,670)	(7,770)
Acquisition of subsidiary		1,184	-
Addition to investments at fair value through profit or loss	12	-	(10,300)
Addition to intangible assets	5.1	(1,759)	(5,297)
<b>Net cash used in investing activities</b>		<b>(9,245)</b>	<b>(23,367)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	13	825,308	1,034,036
Repayments of bank borrowings	13	(618,551)	(1,160,254)
Payment of lease liabilities	4.2	(10,925)	(7,936)
Dividends Paid		(27,750)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>168,082</b>	<b>(134,154)</b>
<b>Net increase in cash and cash equivalents</b>		<b>34,495</b>	<b>3,954</b>
Cash and cash equivalents at the beginning of the year		22,797	18,843
<b>Cash and cash equivalents at the end of the year</b>	10	<b>57,292</b>	<b>22,797</b>
<b>Non-cash transactions:</b>			
Increase in share capital	1	-	72,666
Transfer from reserves to retained earnings	1	-	71,682
Write-off of trade and other receivables	6	15,430	981
Assets held for sale		11,191	11,191
Inventories impairment losses utilized during the year	8	2,663	7,097
Re-measurement of employees' benefits obligation	14	318	1,146
Addition to right-of-use assets and lease liabilities	4.2	19,459	9,346

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

  
Abdulrahman Abdullah Abunayyan  
Chairman

  
Mohammed Ibrahim Abunayyan  
Chief Executive Officer

  
Mazen Elghafeer  
Vice President of Finance

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY****(A Saudi Joint Stock Company)****Notes to the consolidated financial statements for the year ended December 31, 2025**

(All amounts in thousands of Saudi Riyals unless otherwise stated)

**1 Status and nature of activities**

Al Hassan Ghazi Ibrahim Shaker Company (the “Company” (or) the “Parent Company” (or) “HGISC”) was registered as a limited liability Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 dated 26 Dhu al-Qadah 1418H (corresponding to March 25, 1998). The Company converted from a limited liability company to a closed joint stock company pursuant to the Ministerial Resolution No. 275 on 17 Shaban 1429H (corresponding to August 18, 2008).

The Parent Company offered 10.5 million shares to public, during the subscription period from April 26, 2010 (corresponding to 11 Jumada al-Awwal 1431H) to May 2, 2010 (corresponding to 17 Jumada al-Awwal 1431H). The Parent Company’s shares started trading in the Saudi Stock Exchange on May 17, 2010 (corresponding to 3 Jumada al-Thani 1431H). Accordingly, after successful completion of the IPO (Initial Public Offering Process), the Parent Company was declared as a Saudi Joint Stock Company with a share capital of SR 350 million, divided into 35 million shares of SR 10 each. On March 29, 2015, a bonus of four shares for every five ordinary shares outstanding was issued and resultantly the share capital of the Company was increased from SR 350 million to SR 630 million.

The Company’s shareholders approved during the Extraordinary General Assembly Meeting held on 14 Shawwal, 1443H (corresponding to May 15, 2022) the decrease in share capital of SR 147.666 million through absorbing accumulated losses with the same amount. The legal formalities for capital decrease were finalized on June 19, 2022.

On May 19, 2024, the general assembly approved transferring SAR 71.682 million from reserve to retained earnings.

Also, on May 19, 2024, the general assembly approved the board of directors recommendation to increase the Company’s capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of issued shares has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserve account. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

On 18 May 2025 (corresponding to 20 Dhu al-Qadah 1446H), the general assembly approved the recommendation of the board of directors to distribute dividends to shareholders for the year ended December 31, 2024, with a total amount of SR 27,750,000, equivalent to SR 0.5 per share, representing 5% of the share par value.

As at December 31, 2025, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided into 55.5 million shares of SR 10 each. As at December 31, 2024, the authorized, issued, and paid-up share capital of the Company was SR 555 million divided into 55.5 million shares of SR 10 each.

The Parent Company is engaged in the trading and wholesale of spare parts, electronic equipment, household equipment and air-conditioners, maintenance of the items mentioned above and providing agency services to those companies which are in the same business.

The Company’s registered office is located at the following address: Shaker Group Building, Alсахafa District, King Fahad Road, Riyadh 11422, Kingdom of Saudi Arabia.

These consolidated financial statements include the financial position and performance of the Company and its branches as well as the following subsidiaries (collectively referred as the “Group”).

Name	Principal field of activity	Country of incorporation	Effective ownership interest at 31 December	
			2025	2024
Ibrahim Shaker Company Limited (“ISCL”)	Wholesale of household appliances	Saudi Arabia	100%	100%
Ibrahim Hussein Shaker Projects and Maintenance Company Limited (IHSL)	Import, export and marketing services	Saudi Arabia	100%	100%
Asdaa Gulf Trading Company (“Asdaa”)	Wholesale of electronic devices	Saudi Arabia	100%	100%
Shaker Innovative Investment Company	Financial and insurance activities	Saudi Arabia	100%	100%
Shaker Contracting Service	Constructions	Saudi Arabia	100%	100%
Shaker Resilience for logistic services	Transportation and Storage	Saudi Arabia	100%	100%
Ajeek Maintenance Service Company Limited	Electronics repair	Saudi Arabia	90%	49%
Shaker Group for Home Appliances Company (*)	Wholesale of electronic household appliances	Saudi Arabia	100%	-

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the consolidated financial statements for the year ended December 31, 2025**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

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**1 Status and nature of activities** (continued)

As at December 31, 2024, the Group's interest in Ajeek Maintenance Service Company Limited was classified as an associate. During the year, the Group acquired a total of 90% equity interest in the investee and obtained control. Accordingly, the investee has been consolidated as a subsidiary from the acquisition date and the resulted non-controlling interest has been appropriately disclosed in the condensed consolidated interim statement of financial position.

(\*) During the year, Shaker Group for Home Appliances Company was converted from a branch wholly owned by the Group into a separate legal entity. The conversion did not affect the Group's ownership or control and was treated as an internal reorganization with no impact on the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on February 18, 2026.

**2 Basis of preparation and material accounting policies**

Significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies are consistently applied to all periods presented, unless otherwise stated.

**2.1 Basis of preparation**

*a) Statement of compliance*

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), hereafter referred to as "IFRS".

The amounts in the consolidated financial statements have been presented in Saudi Riyals (SR) with all values rounded to the nearest thousand except where stated otherwise.

*b) Historic cost convention*

The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

*c) Basis of consolidation*

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non-Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the Consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies**

*a) New Standards, Amendment to Standards and Interpretations*

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 'Foreign currencies'. The transactions in foreign currencies entered into by the Group in the normal course of its operations are not exposed to lack of exchangeability and consequently, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

*b) New standards and interpretations not yet adopted*

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after January 1, 2026 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 'Financial instruments' ("IFRS 9") and IFRS 7 'Financial Instruments: Disclosures' ("IFRS 7"), effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to International Financial Reporting Standards - Volume 11, effective for annual periods beginning on or after 1 January 2026;
- IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18"), effective for annual periods beginning on or after 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' ("IFRS 19"), effective for annual periods beginning on or after 1 January 2027.

Unless otherwise stated above, it is not expected that the new standards and interpretations will have a significant impact on the Group's consolidated financial statements.

*c) Business combinations and goodwill*

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*c) Business combinations and goodwill (continued)*

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest (NCI), and any previous interest held, over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

*d) Investment in associates*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or over those policies.

The Group's investments in its associates and is accounted for using the equity method.

Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised, nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the statement of changes in equity (Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate).

The aggregate of the Group's share of profit or loss of an associate and is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognized the loss as 'Share of profit of an associate in the profit or loss'.

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

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*e) Current versus non-current classification*

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

- Expected to be recognize or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading.
- Expected to be recognize within twelve months after the reporting period; or
- 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 Group 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 Group classifies all other liabilities as non-current.

*f) Fair value measurement*

The Group measures certain financial instruments and non-financial assets at fair value at each balance sheet date.

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

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

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

A fair value measurement of a non-financial asset 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, recognized the use of relevant observable inputs and recognized the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are recognized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

To measure the fair value of properties, the Group engages an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the asset being valued. Management reviews valuer's report and assesses appropriateness of assumptions and valuation techniques and the overall reasonableness of valuation. For the purpose of fair value disclosures, the Group has determined classes of assets based on the nature, characteristics and risks of the asset and the level of the fair value hierarchy, as explained above.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*f) Fair value measurement (continued)*

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value for unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments. For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

*g) Revenue from contracts with customers*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized.

*Sale of goods*

Revenue from the sale of goods is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

For volume rebates a refund liability is recognized for expected volume discount payable to customers in relation to sales made until the end of the reporting period.

The Group provides normal warranty provisions for general repairs for two, five and ten years on all its products sold, in line with industry practice. A liability for potential warranty claims is recognized at the time the product is sold.

*Rendering of services*

Revenue from service is recognized when obligation is performed or services are rendered, by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Generally the Group recognizes revenue from services related to installation of products, repairs or maintenance service when control is transferred being over the time the service is provided. For service contracts covering a longer period revenue is recognized on a linear basis over the contract period.

*Professional consultancy fees*

The Group provides consultancy services for energy value analysis during the design phase of projects and developments. Revenue from consultancy services is recognized when the obligation is performed, or services have been rendered as per the terms and condition of the respective customer contracts.

Revenue is recognized overtime when the services have been rendered as per the terms and conditions of the respective customer contracts. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as contract assets.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*h) Contract balances*

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

*i) Zakat and Taxation*

*Zakat and income tax*

The Parent Company and domestic subsidiaries are subject to zakat in accordance with the regulations of Zakat and Tax and Customs Authority ("ZATCA"). The Group's zakat is accrued and charged to the consolidated statement of profit or loss and other comprehensive income currently. Additional zakat, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

*Withholding tax*

The Group withholds taxes on transactions with non-resident parties in accordance with applicable ZATCA regulations.

*j) Dividends on ordinary shares*

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Parent Company's shareholders. Dividends for the year that are approved after the consolidated statement of financial position date are disclosed as an event after the consolidated statement of financial position date.

*k) Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, i.e., when risks and rewards of ownership are transferred to the buyer, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in the consolidated statement of profit or loss. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Land is not depreciated. Depreciation is computed on a straight-line basis to their residual values over the estimated useful lives of property and equipment as follows and is recognized in the consolidated statement of profit or loss:

	<b><u>Years</u></b>
Buildings	40
Motor vehicles	5
Furniture and office equipment	6.67
Tools and equipment	5
Leasehold improvements	The lease term or useful life whichever is shorter

The useful life, residual values and depreciation method are reviewed at each reporting date and adjusted if appropriate to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

*l) Leases*

The Group leases real estate represented in warehouses and buildings. The duration of such lease contracts is between one to 5 years and some of these contracts have the option to extend the lease period.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*l) Leases (continued)*

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

*m) Loans and borrowing costs*

Loans are initially calculated at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the loans using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fees are amortized over the period of the facilities to which they relate.

*n) Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*n) Intangible assets (continued)*

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Amortization of IT software is computed on a straight-line basis over the estimated useful lives of 10 years.

*o) Investments and other financial assets*

*(i) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

*(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*(iv) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its FA instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group de-recognizes financial liabilities when its contractual obligations are discharged, cancelled or expired.

The Group also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*p) Impairment of financial instruments*

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equivalent to a credit loss over the lifetime of the debt, except for the following:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- default of the financial asset for 90 days or more from its maturity date.

Management considers 'low credit risk' for financial assets to be customers with good credit history and no historical default.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from other events that are possible over 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is of impaired credit includes the following observable data:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract such as default or delinquency for a period of more than 90 days;
- It is becoming probable that the borrower will enter bankruptcy or other financial restructuring; or
- The disappearance of an active market for the security because of financial difficulties.

**Presentation of allowance for ECL in the statement of financial position**

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

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*p) Impairment of financial instruments (continued)*

**Write-off**

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

*q) Inventories*

Inventories are presented at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle. In the case of manufactured inventory materials and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. A provision is made for obsolete and slow-moving items when needed.

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

*r) Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An assets recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's 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 recognised. 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 or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*r) Impairment of non-financial assets (continued)*

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

*s) Cash and cash equivalents*

For the purpose of the consolidated cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

*t) Provisions*

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

If the effect of the time value of money is material, provisions are determined by discounting expected future cash flows using a current pre-tax rate that reflects, when appropriate, current market assessments of time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

*Warranty provisions*

Provisions for warranty-related costs are recognised when the product is sold, or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually. The Group provides normal warranty provisions for general repairs for two, five and ten years on all its products sold, in line with industry practice. A liability for potential warranty claims is recognised at the time the product is sold. The Group does not provide any extended warranties or maintenance contracts to its customers.

*u) Employees end of service benefits*

1- Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

2- Defined benefit plans

The Group operates a single employment benefit scheme of defined benefit plan driven by the Labour Law of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the estimated unit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*u) Employees end of service benefits (continued)*

2- Defined benefit plans (continued)

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

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labour Law of Saudi Arabia.

Employee benefits obligations are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

*v) Segment information*

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

*w) Contingencies*

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

*x) Operating profit*

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of investment in associate and income taxes.

*y) Non-current assets (or disposal group) held for sale and discontinued operations*

Non-current assets (or disposal group) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, if any.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the condensed consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

**2 Basis of preparation and material accounting policies** (continued)

**2.2 Material accounting policies** (continued)

*y) Non-current assets (or disposal group) held for sale and discontinued operations (continued)*

A discontinued operations is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

**3 Significant accounting judgments, estimates and assumptions**

**Use of estimates and judgements:**

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*a) Provision for slow moving inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

*b) Impairment of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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. Refer to note 26 for the sensitivity analysis.

*c) Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit 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 of disposing of the asset. The value in use calculation 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 Group 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. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

*d) Warranty*

Provisions for warranty is recorded based on an estimate and the actual cost and timing of future cash flows are dependent on future events. The difference between expectation and the actual future liability is accounted for in the period when such determination is made.

**3 Significant accounting judgments, estimates and assumptions** (continued)

**Use of estimates and judgements:** (continued)

*e) Customer rebates*

Accounting for the amount and timing of recognition of customer rebate require the exercise of judgement. The rebate relates to the customers for achieving agreed purchase or sales targets within a set period. Where rebate span different accounting periods, the amount recognised in each period is estimated based on the probability that the customers will meet contractual target volumes based on historical and forecast performance.

*f) Employees' benefits*

The cost of end of service benefit plans and the present value of end of service benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer to note 14 for the sensitivity analysis.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for specific countries. There are no publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates and the management outlook for the respective country.

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**4.1 Property and equipment**

The reconciliation of carrying amount is as follows:

	<b>Lands</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and office equipment</b>	<b>Tools and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost:</b>							
<b>Balance at January 1, 2024</b>	97,208	112,022	9,169	50,340	8,918	29,077	306,734
Additions	-	4,207	357	1,166	-	2,040	7,770
Reclassification	-	(668)	-	8,918	(8,918)	668	-
Assets held for sale	(11,191)	-	-	-	-	-	(11,191)
<b>Balance at December 31, 2024</b>	<b>86,017</b>	<b>115,561</b>	<b>9,526</b>	<b>60,424</b>	<b>-</b>	<b>31,785</b>	<b>303,313</b>
<b>Accumulated depreciation:</b>							
<b>Balance at January 1 2024</b>	-	39,306	8,577	45,898	7,903	28,494	130,178
Depreciation (Note 23)	-	2,375	202	992	-	476	4,045
Reclassification	-	-	-	7,903	(7,903)	-	-
<b>Balance at December 31, 2024</b>	<b>-</b>	<b>41,681</b>	<b>8,779</b>	<b>54,793</b>	<b>-</b>	<b>28,970</b>	<b>134,223</b>
<b>Net carrying amount:</b>							
<b>At December 31, 2024</b>	<b>86,017</b>	<b>73,880</b>	<b>747</b>	<b>5,631</b>	<b>-</b>	<b>2,815</b>	<b>169,090</b>
<b>Cost:</b>							
<b>Balance at January 1, 2025</b>	86,017	115,561	9,526	60,424	-	31,785	303,313
Additions	-	273	-	1,270	-	7,127	8,670
Reclassification	-	-	-	-	-	-	-
Assets held for sale	11,191	-	-	-	-	-	11,191
<b>Balance at December 31, 2025</b>	<b>97,208</b>	<b>115,834</b>	<b>9,526</b>	<b>61,694</b>	<b>-</b>	<b>38,912</b>	<b>323,174</b>
<b>Accumulated depreciation:</b>							
<b>Balance at January 1, 2025</b>	-	41,681	8,779	54,793	-	28,970	134,223
Depreciation (Note 22, 23)	-	2,479	195	1,788	-	2,841	7,303
<b>Balance at December 31, 2025</b>	<b>-</b>	<b>44,160</b>	<b>8,974</b>	<b>56,581</b>	<b>-</b>	<b>31,811</b>	<b>141,526</b>
<b>Net carrying amount:</b>							
<b>At December 31, 2025</b>	<b>97,208</b>	<b>71,674</b>	<b>552</b>	<b>5,113</b>	<b>-</b>	<b>7,101</b>	<b>181,648</b>

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**4.1 Property and equipment** (continued)

(a) *Guarantee*

As of December 31, 2025 and December 31, 2024, the Group had no pledged assets related to bank loans guarantee.

(b) *Key estimates: estimate of useful lives of properties and equipment*

Note 2.2 shows the estimated useful lives of property and equipment, which vary according to their nature and usage methods. The actual useful life may be shorter or longer. Management revises its estimates of these useful lives and adjusts them as appropriate.

**4.2 Leases**

The Group leases real estate represented by warehouses, buildings, and showrooms. The duration of such lease contracts is between 1 to 5 years and some of these contracts have the option to extend the lease period.

The following table shows the balance of the right-of-use leased assets and the related lease liabilities in the consolidated statement of financial position:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Cost - Right-of-use assets</b>		
Building	<b>30,941</b>	26,536
Warehouses	<b>31,719</b>	17,854
	<b>62,660</b>	44,390
<b>Accumulated depreciation - Right-of-use assets</b>		
Building	<b>15,108</b>	7,383
Warehouses	<b>18,975</b>	16,597
	<b>34,083</b>	23,980
Net carrying amount	<b>28,577</b>	20,410
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Lease liabilities – current</b>		
Building	<b>10,324</b>	6,279
Warehouses	<b>719</b>	884
	<b>11,043</b>	7,163
<b>Lease liabilities – non-current</b>		
Building	<b>14,149</b>	11,473
Warehouses	<b>2,387</b>	-
	<b>16,536</b>	11,473

The following table shows the movement during the year in lease liabilities:

	<b>Year ended December 31, 2025</b>	<b>Year ended December 31, 2024</b>
Balance at the beginning of the year	<b>18,636</b>	16,469
Additions during the year	<b>19,459</b>	9,346
Interest during the year (Note 24)	<b>1,292</b>	757
Disposal during the year	<b>(883)</b>	-
Payments during the year	<b>(10,925)</b>	(7,936)
Balance at end of the year	<b>27,579</b>	18,636

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**4.2 Leases** (continued)

The following table shows the movement during the year in the right-of-use assets:

	<b>Year ended December 31, 2025</b>	<b>Year ended December 31, 2024</b>
<b>Cost</b>		
Balance at beginning of year	44,390	39,539
Additions for the year	19,459	9,346
Disposals during the year	<b>(1,189)</b>	<b>(4,495)</b>
	<b>62,660</b>	<b>44,390</b>
<b>Accumulated depreciation</b>		
Balance, at beginning of year	23,980	21,987
Depreciation charge for the year	10,375	6,488
Disposals during the year	<b>(272)</b>	<b>(4,495)</b>
	<b>34,083</b>	<b>23,980</b>
<b>Net book value</b>	<b>28,577</b>	<b>20,410</b>

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	<b>2025</b>	<b>2024</b>
Depreciation charge of right-of-use assets	10,375	6,488
Interest expense (included in finance charges)	1,292	757
Expense relating to short-term leases	5,034	4,757
Total	<b>16,701</b>	<b>12,002</b>

Total cash outflow for the year ended December 31, 2025, amounted to SR 10,925 (SR 7,936 for the year ended December 31, 2024).

The following table shows the depreciation charge of the right-of-use leased assets in the consolidated statement of profit or loss and other comprehensive income:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Depreciation charge for the year</b>		
Building	9,620	5,565
Warehouses	755	923
	<b>10,375</b>	<b>6,488</b>

**Key estimates: estimate of incremental borrowing rate, lease term**

The application of IFRS 16 requires management to exercise certain judgments, such as determining the incremental borrowing rate, which is one of the main inputs to the calculation of the right to use assets, therefore, management contacted some of its banks to provide them with commission rates on loans with similar values for lease contracts subject to the requirements of this accounting standard and for periods of time approximate to these contracts as well. In the opinion of management, the interest rate quotations submitted by the banks take into account the credit rating of the Group and the risks of the sector in which the Group operates, and therefore no adjustment has been made to the rates of these bank commissions.

If the incremental borrowing rate changes by 1%, this will cause an increase (decrease) in the right -of- use assets by SR 534 thousands and SR (534 thousands) respectively (2024: SR 435 thousands and SR (435 thousands) respectively). With regard to the judgments related to determining the lease term, most of the lease contracts are fixed term. In the event that an extension option is available, management relies on historical experience and other factors, including facts and circumstances that create an economic incentive to exercise the extension option or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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**5 Intangible assets**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Goodwill (Note 5.2) – Asdaa Gulf Trading Company (Asdaa) *	<b>9,854</b>	9,854
IT Software	<b>6,403</b>	5,252
	<b>16,257</b>	15,106

(\*) Effective November 12, 2014, HGISC acquired effectively 100% shareholding in Asdaa for a purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been recorded as goodwill.

5.1 reconciliation of the carrying amounts of intangible assets is as follows:

	<b>IT Software</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>			
<b>As at January 1, 2024</b>	-	9,854	9,854
Additions	5,297	-	5,297
Disposal of intangible assets	-	-	-
<b>As at December 31, 2024</b>	5,297	9,854	15,151
Additions	1,759	-	1,759
Disposal of intangible assets	-	-	-
<b>As at December 31, 2025</b>	<b>7,056</b>	<b>9,854</b>	<b>16,910</b>
<b>Accumulated amortization:</b>			
<b>As at January 1, 2024</b>	-	-	-
Charge for the year	45	-	45
Disposal of intangible asset	-	-	-
<b>As at December 31, 2024</b>	45	-	45
Charge for the year	608	-	608
Disposal of intangible asset	-	-	-
<b>As at December 31, 2025</b>	<b>653</b>	-	<b>653</b>
<b>Net carrying amount:</b>			
<b>As at December 31, 2024</b>	5,252	9,854	15,106
<b>As at December 31, 2025</b>	<b>6,403</b>	<b>9,854</b>	<b>16,257</b>

5.2 Goodwill – Asdaa Gulf Trading Company:

The recoverable amount of this CGU is estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>2025</b>	<b>2024</b>
Discount rate	<b>14.7%</b>	16.7%
Terminal value growth rate	<b>3.0%</b>	2.8%
Budgeted EBITDA growth rate (average of next five years)	<b>9.0%</b>	3.0%

<b>Particulars</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>CGU Recoverable amount "In Millions"</b>	<b>% Change</b>	<b>CGU Recoverable amount "In Millions"</b>	<b>% Change</b>
+1% Discount rate	<b>31</b>	<b>(8%)</b>	100	(7%)
-1% Discount rate	<b>37</b>	<b>10%</b>	117	8%
+1% Terminal value growth rate	<b>36</b>	<b>6%</b>	113	5%
-1% Terminal value growth rate	<b>32</b>	<b>(5%)</b>	103	(4%)
+1% Budgeted EBITDA growth rate	<b>34</b>	<b>1%</b>	109	1%
-1% Budgeted EBITDA growth rate	<b>33</b>	<b>(1%)</b>	107	(1%)

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**5 Intangible assets** (continued)

5.2 Goodwill – Asdaa Gulf Trading Company: (continued)

The discount rate was a pre-tax measure estimated based on the historical industry average weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

None of the above changes would result in an impairment on the CGU level including the recorded goodwill.

The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeded its carrying value by SR 16 million (2024: SR 92 million).

**6 Trade and other receivables**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade receivables	<b>539,102</b>	471,305
Less: Impairment losses on trade receivables	<b>(45,041)</b>	(48,671)
	<b>494,061</b>	422,634
Other receivables:		
Advertisement claims from suppliers	<b>5,007</b>	7,839
	<b>499,068</b>	430,473

Reconciliation of impairment loss on trade receivables is as follow:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Balance at beginning of year	<b>48,671</b>	35,361
Charge for the year	<b>11,800</b>	14,291
Write-offs during the year	<b>(15,430)</b>	(981)
Balance at end of year (Note 26)	<b>45,041</b>	48,671

**7 Investment in associates**

The details of the Group's investment in associate is as follows:

<b>Name of Company</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective interest at</b>	
			<b>December 31, 2025</b>	<b>December 31, 2024</b>
LG Shaker Company Limited ("LG Shaker")	Manufacture of air conditioners	Saudi Arabia	<b>49%</b>	49%
Ajeek Maintenance Service Company Limited ("Ajeek")	Consumer electronics repair	Saudi Arabia	-	49%

Investments in associates is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
LG Shaker (Note 7.1)	<b>530,146</b>	503,538
Ajeek	-	1,425
	<b>530,146</b>	504,963

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**7 Investment in associates** (continued)

Reconciliations for the investment in associates are as follows:

	<b>LG Shaker</b>	<b>Ajeek</b>	<b>Total</b>
<b>At January 1, 2024</b>	465,534	1,425	466,959
Share of profit for the year	38,004	-	38,004
<b>At December 31, 2024</b>	<b>503,538</b>	<b>1,425</b>	<b>504,963</b>
<b>At January 1, 2025</b>	<b>503,538</b>	<b>1,425</b>	<b>504,963</b>
Share of profit for the year	<b>26,608</b>	-	<b>26,608</b>
Subsidiary acquired during the period (note 1)	-	<b>(1,425)</b>	<b>(1,425)</b>
<b>At December 31, 2025</b>	<b>530,146</b>	-	<b>530,146</b>

**7.1 LG Shaker**

LG Shaker is a mixed limited liability company registered in the Kingdom of Saudi Arabia under the commercial registration number 1010226606 Dated 4 Dhul Hijah 1427H (corresponding to December 25, 2006). The principal activity of the company is to manufacture various types of air conditioners.

The following table summarizes the financial information of this material associate - LG Shaker as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in the associate.

<b>Balance as at</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Non-current assets	<b>140,136</b>	141,795
Current assets	<b>510,534</b>	461,142
Non-current liabilities	<b>(16,771)</b>	(14,563)
Current liabilities	<b>(153,388)</b>	(172,623)
<b>Net assets (100%)</b>	<b>480,511</b>	415,751
Group's share of net assets (49%)	<b>218,162</b>	191,554
Goodwill	<b>311,984</b>	311,984
<b>Carrying amount of interest in associate</b>	<b>530,146</b>	<b>503,538</b>
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Revenue	<b>685,801</b>	688,918
Total comprehensive income (100%) (*)	<b>64,759</b>	66,724
Group share of the total comprehensive income (49%) (*)	<b>26,608</b>	38,004

(\*) The difference between the Group's share in net assets of the associate and share of total comprehensive income and 49% of associate reported net assets and total comprehensive income pertains to the adjustment made for the elimination of unrealised profit on upstream transactions between the Group and its associate.

The recoverable amount of this equity-accounted investee is estimated using discounted cash flows. The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>2025</b>	<b>2024</b>
Discount rate	<b>12.3%</b>	11.9%
Terminal value growth rate	<b>3%</b>	2.8%
Budgeted EBITDA growth rate (average of next five years)	<b>16%</b>	10%

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**7 Investment in associates** (continued)

**7.1 LG Shaker** (continued)

Particulars	December 31, 2025		December 31, 2024	
	Investment Recoverable amount "In Millions"	% Change	Investment Recoverable amount "In Millions"	% Change
+1% Discount rate	559	(9%)	574	(10%)
-1% Discount rate	686	11%	710	12%
+1% Terminal value growth rate	666	8%	688	8%
-1% Terminal value growth rate	575	(7%)	592	(7%)
+1% Budgeted EBITDA growth rate	620	1%	641	1%
-1% Budgeted EBITDA growth rate	611	(1%)	628	(1%)

The management of the Group has assessed in detail the carrying value of LG Shaker as at December 31, 2025. These were based on certain detailed assumptions and management plans. Management expects these plans to continue to support the carrying value of the investee, although this will be dependent on the success of the plans and the continued improvement in the wider economic conditions in Saudi Arabia. Management will continue to monitor the detailed assumptions against these plans in their future impairment reviews.

**8 Inventories**

	December 31, 2025	December 31, 2024
Finished goods	399,846	298,492
Spare parts	25,511	24,480
Goods in transit	34,252	39,095
	459,609	362,067
Impairment losses on inventories	(31,628)	(25,593)
	427,981	336,474

Reconciliation of the impairment losses on inventories is as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of year	25,593	30,886
Charge for the year (Note 20)	8,698	1,804
Utilized during the year	(2,663)	(7,097)
Balance at end of year	31,628	25,593

**9 Prepayments and other debt balances**

	December 31, 2025	December 31, 2024
<b>Advances</b>		
Advances to suppliers	28,130	26,755
Other advances	5,272	21,563
Advances to employees	2,167	1,377
<b>Total advances</b>	35,569	49,695
Amounts due from a related party (Note 27)	-	6,509
Prepaid expenses	14,105	10,209
Cash margin	4,798	2,137
Others	3,688	3,689
	58,160	72,239

**10 Cash and cash equivalents**

	December 31, 2025	December 31, 2024
Cash in hand	1,141	1,640
Bank balances - current accounts	56,108	21,069
Credit cards	43	88
Total	57,292	22,797

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**11 Share capital**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Authorized share capital (shares of SR 10 each)	<b>555,000</b>	555,000
Issued and fully paid-up capital (shares of SR 10 each)	<b>555,000</b>	555,000

As at December 31, 2025, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided on 55.5 million shares of SR 10 each. As at December 31, 2024, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided on 55.5 million shares of SR 10 each.

On May 19, 2024, the general assembly approved the Board of Directors recommendation to increase the Company's capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of issued shares has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserve account. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

**12 Investments at fair value through profit or loss**

Investments at fair value through profit or loss consist of investment in Al Rajhi Awaeed Fund (An open-ended mutual fund), and various quoted equity securities listed in the Saudi exchange market (Tadawul), all are managed by Al Rajhi Capital. The Group invested Saudi Riyals 10.3 million during the last year. During the year ended December 31, 2025, the unrealized gains from investments at fair value through profit or loss amounted to Saudi Riyals 500 thousand (2024: Saudi Riyals 434 thousand).

**13 Loans and borrowings**

The Group has credit facility agreements with local and foreign commercial banks for long and short-term borrowings in Saudi Riyal and US Dollar. Such facilities were obtained principally under Murabaha/Tawarruq arrangements. Certain facility agreements are secured against promissory notes, corporate guarantees of the Group are provided wherever required for loans to subsidiaries. The facilities bear financial charges on prevailing market rates. The agreements contain certain covenants, which among other things, requires certain financial ratios to be maintained.

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current:</b>		
Lease Liability (Note 4.2)	<b>11,043</b>	7,163
Bank loans	<b>477,665</b>	270,908
	<b>488,708</b>	278,071
<b>Non-current:</b>		
Lease Liability (Note 4.2)	<b>16,536</b>	11,473
	<b>16,536</b>	11,473

**Secured liabilities and assets pledged as security**

All bank loans are secured by promissory notes signed by the Parent Company equal to the maximum facility amount. Promissory notes amounted to SR 1,578 million as at December 31, 2025 (December 31, 2024: SR 1,798 million).

As at December 31, 2025 and December 31, 2024, the Group had no pledged assets related to bank loans guarantee.

**Compliance with loan covenants**

Under the terms of the loan agreements, the Group is required to commit to certain levels for the following financial covenants:

- 1- Financial leverage ratio;
- 2- Current ratio;
- 3- Gearing ratio (Debt to equity not to exceed 1.5:1);
- 4- Ratio of total liabilities and tangible net worth.

The Group has complied with the loan covenants as at December 31, 2025 and December 31, 2024.

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**13 Loans and borrowings** (continued)

The following bank loans are outstanding as at:

	Currency	Nominal interest rate	Year of maturity	December 31, 2025		December 31, 2024	
				Total facility amount	Carrying Amount	Total facility amount	Carrying amount
Short term loans	SR	SIBOR + fixed rate per annum	2026	1,578,000	477,665	1,798,000	270,908

Reconciliation of bank loans are as follows:

	2025	2024
Balance, beginning of the year	270,908	397,126
Proceeds	825,308	1,034,036
Repayments	(618,551)	(1,160,254)
Balance, end of the year	477,665	270,908

Reconciliation of movement of liabilities to cash flows arising from financing:

	Cash and cash equivalents	Loans	Lease Liabilities	Total
Balance as January 1, 2024	18,843	397,126	16,469	432,438
<b>Non-cash transactions</b>				
Finance costs	-	32,115	757	32,872
Additions of lease liabilities	-	-	9,346	9,346
<b>Net non-cash flow transaction</b>	18,843	429,241	26,572	474,656
<b>Cash flow transaction</b>				
Proceeds from loans and borrowings	-	1,034,036	-	1,034,036
Payments of loans and borrowings	-	(1,160,254)	-	(1,160,254)
Payments of finance costs	-	(32,115)	-	(32,115)
Lease payments	-	-	(7,936)	(7,936)
Change in cash and cash equivalents	3,954	-	-	3,954
<b>Net cash flow</b>	3,954	(158,333)	(7,936)	(162,315)
<b>Balance as December 31, 2024</b>	22,797	270,908	18,636	312,341
	Cash and cash equivalents	Loans	Lease Liabilities	Total
Balance as January 1, 2025	22,797	270,908	18,636	312,341
<b>Non-cash transactions</b>				
Finance costs	-	23,557	1,292	24,849
Disposal of lease liabilities	-	-	(883)	(883)
Additions of lease liabilities	-	-	19,459	19,459
<b>Net non-cash flow transaction</b>	22,797	294,465	38,504	355,766
<b>Cash flow transaction</b>				
Proceeds from loans and borrowings	-	825,308	-	825,308
Payments of loans and borrowings	-	(618,551)	-	(618,551)
Payments of finance costs	-	(23,557)	-	(23,557)
Lease payments	-	-	(10,925)	(10,925)
Change in cash and cash equivalents	34,774	-	-	34,774
<b>Net cash flow</b>	34,774	183,200	(10,925)	207,049
<b>Balance as December 31, 2025</b>	57,571	477,665	27,579	562,815

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**14 Employees' benefits obligation**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Net defined benefit liability	<b>28,639</b>	26,619

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the local Labor Law.

In Kingdom of Saudi Arabia (KSA), the plan entitles an employee who complete over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, the employees who complete up to five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, the employees who complete over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

Reconciliation in employees' benefits obligation is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Balance at beginning of year</b>	<b>26,619</b>	24,430
<b>Included in profit and loss</b>		
<b>Continued operations</b>		
Current service cost	<b>3,382</b>	3,222
Interest cost	<b>1,469</b>	1,160
	<b>4,851</b>	4,382
<b>Included in other comprehensive income</b>		
Actuarial loss	<b>318</b>	1,146
Benefit paid	<b>(3,149)</b>	(3,339)
<b>Balance at end of year</b>	<b>28,639</b>	26,619

**Actuarial assumptions**

The following are the principal actuarial assumptions applied at December 31, 2025, and December 31, 2024:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Discount rate	<b>5.00% p.a.</b>	5.50% p.a.
Salary increase	<b>2.00 % p. a.</b>	2.00 % p. a.
Average years of past service	<b>6.0 years</b>	6.40 years

**Sensitivity analysis**

<b>Particulars</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>PVDBO</b>	<b>% Change</b>	<b>PVDBO</b>	<b>% Change</b>
EOSB liability	<b>28,639</b>		26,619	
+ 1% Discount rate	<b>(960)</b>	<b>(3.35%)</b>	(1,195)	(4.49%)
- 1% Discount rate	<b>1,030</b>	<b>3.60%</b>	1,318	4.95%
+ 1% Salary increase rate	<b>785</b>	<b>2.74%</b>	1,352	5.08%
-1% Salary increase rate	<b>(745)</b>	<b>(2.60%)</b>	(1,246)	(4.68%)
1 Year mortality age set back	<b>2</b>	<b>0.01%</b>	4	0.02%
1 Year mortality age set forward	<b>(2)</b>	<b>(0.01%)</b>	(4)	(0.02%)

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**14 Employees' benefits obligation** (continued)

**Sensitivity analysis** (continued)

PVDBO: Present value of defined benefit obligations

*Employee benefit expenses*

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Salaries and benefits	<b>108,312</b>	112,156
Social security contributions	<b>3,682</b>	1,874
Expenses related to post - employment defined benefit plans	<b>3,383</b>	1,359
	<b>115,377</b>	115,389

The weighted average duration of the defined benefit obligation is 6.0 years (December 31, 2024: 6.4 years). The expected maturity analysis is as follows:

	<b>Less than one year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>December 31, 2025</b>	<b>9,328</b>	<b>5,275</b>	<b>11,128</b>	<b>9,497</b>	<b>35,228</b>
December 31, 2024	6,411	3,069	8,902	16,509	34,891

**15 Trade and other payables**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade payables due to related parties (Note 27)	<b>218,717</b>	264,426
Trade payables – third parties	<b>55,491</b>	61,417
<b>Total trade payables</b>	<b>274,208</b>	325,843
Accrued expenses	<b>17,974</b>	15,654
Employee benefits	<b>13,420</b>	20,905
Contract liabilities-advance from customers	<b>23,748</b>	31,793
Accrued cost for vendors	<b>3,536</b>	7,009
Refund liabilities	<b>4,854</b>	4,854
Other payables	<b>73,804</b>	60,190
<b>Total other payables</b>	<b>137,336</b>	140,405
<b>Total trade and other payables</b>	<b>411,544</b>	466,248

**16 Zakat liabilities**

**16.1 Status of assessments**

**Zakat**

The Group submitted its zakat returns for the years up to 2024 to the Zakat, Tax and Customs Authority ("ZATCA"). Moreover, the Group received final zakat assessments for the years up to 2024 and the related liabilities were paid.

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**16 Zakat liabilities** (continued)

**16.2 Calculation of zakat base**

The significant components of the zakat base, for the years ended December 31, 2025 which are subject to certain adjustments under zakat regulations, are principally include the following:

	<b>2025</b>	<b>2024</b>
Additions:		
- Equity	<b>851,621</b>	799,189
- Non-current liabilities	<b>22,674</b>	11,897
- Other liabilities	<b>44,507</b>	38,092
Total additions	<b>918,802</b>	849,178
Deductions:		
- Non-current assets	<b>(711,565)</b>	(687,901)
- Other assets	<b>(44,834)</b>	(35,516)
Total deductions	<b>(756,399)</b>	(723,417)
Zakat base	<b>162,403</b>	125,761
Adjusted zakat base (365 days)	<b>162,403</b>	125,761
Estimated zakat liability	<b>4,455</b>	3,207

**16.2 Zakat provision**

Movement of the Company's Zakat provision for the year ended December 31 comprise of the following:

	<b>2025</b>	<b>2024</b>
Balance, beginning of the year	<b>3,207</b>	6,542
Current year expense	<b>5,575</b>	3,996
Payments during the year	<b>(4,224)</b>	(7,331)
Balance, end of the year	<b>4,558</b>	3,207

**17 Warranty provision**

A provision is recognized for expected warranty claims on products sold for which the Group is liable to cover warranty. It is expected all these costs will be incurred within two to ten years after the reporting date. Assumptions used to calculate the provision for warranties are based on product sales, date of sale, warranty period, and estimated level of repairs and warranty costs. The estimate has been made based on historical warranty trend.

The movement in provisions is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Balance, beginning of the year	<b>9,690</b>	12,957
Charge for the year	<b>2,904</b>	206
Utilized during the year	<b>(3,837)</b>	(3,473)
Balance, end of the year	<b>8,757</b>	9,690

Provisions are recognized when the Group has a present obligation as result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. warranty is normally granted for two to ten years after the sale. Warranty provision is recognized to cover the cost of repair of defective products.

Provision related to warranties created as per Group's policy for the purpose of repair or replacements of defected goods.

**18 Operating segments**

For management purposes, the Group is organized into three main business segments based on internal reporting provided to the chief operating decision maker:

Heating, ventilation, and air-conditioning solutions (HVAC): Represents residential and commercial conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care.

All other segments represent consultancy services for energy solutions and sale mobile phones.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

CoDM uses segments Profit Before Tax (PBT) to measure performance being the most relevant in evaluating the results of segments.

Transfer prices between operating segments are on mutually agreed terms in a manner similar to transactions with third parties.

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**18 Operating segments** (continued)

*Segment information provided to the board of directors:*

The table below shows the segment information provided to the board of directors for the reportable segments for the year ended December 31, 2025 and 2024 and also the basis on which revenue is recognised:

	HVAC Solutions	Home Appliances	Total reportable segments	Others	Total
<b>For the year ended December 31, 2025</b>					
Revenues from external customers	984,282	397,846	1,382,128	12,840	1,394,968
Cost of sales	(726,872)	(311,473)	(1,038,345)	(9,551)	(1,047,896)
<b>Gross profit</b>	<b>257,410</b>	<b>86,373</b>	<b>343,783</b>	<b>3,289</b>	<b>347,072</b>
General and administrative expenses	(70,559)	(40,108)	(110,667)	(3,818)	(114,485)
Selling and distribution expenses	(89,009)	(43,952)	(132,961)	(2,535)	(135,496)
Impairment loss on trade and other receivables	(11,800)	-	(11,800)	-	(11,800)
Unrealized gains from investments at fair value through profit or loss	500	-	500	-	500
Other income	2,100	-	2,100	484	2,584
<b>Income from operations</b>	<b>88,642</b>	<b>2,313</b>	<b>90,955</b>	<b>(2,580)</b>	<b>88,375</b>
Finance costs	(24,187)	(1,558)	(25,745)	(396)	(26,141)
Other expenses – foreign exchange loss	(620)	(886)	(1,506)	-	(1,506)
Share of profit from an associate	26,608	-	26,608	-	26,608
<b>Income before zakat</b>	<b>90,443</b>	<b>(131)</b>	<b>90,312</b>	<b>(2,976)</b>	<b>87,336</b>
Zakat expense	(5,528)	-	(5,528)	(47)	(5,575)
<b>Net income for the year</b>	<b>84,915</b>	<b>(131)</b>	<b>84,784</b>	<b>(3,023)</b>	<b>81,761</b>
<b>For the year ended December 31, 2024</b>					
Revenues from external customers	1,053,407	357,701	1,411,108	4,798	1,415,906
Cost of sales	(769,251)	(297,928)	(1,067,179)	(2,204)	(1,069,383)
<b>Gross profit</b>	<b>284,156</b>	<b>59,773</b>	<b>343,929</b>	<b>2,594</b>	<b>346,523</b>
General and administrative expenses	(99,309)	(15,061)	(114,370)	(792)	(115,162)
Selling and distribution expenses	(98,869)	(42,176)	(141,045)	(423)	(141,468)
Impairment loss on trade and other receivables	(14,291)	-	(14,291)	-	(14,291)
Unrealized gains from investments at fair value through profit or loss	434	-	434	-	434
Other income	5,789	347	6,136	-	6,136
<b>Income from operations</b>	<b>77,910</b>	<b>2,883</b>	<b>80,793</b>	<b>1,379</b>	<b>82,172</b>
Finance costs	(30,983)	(1,880)	(32,863)	(9)	(32,872)
Other expenses – foreign exchange loss	(862)	(860)	(1,722)	-	(1,722)
Share of profit from an associate	38,004	-	38,004	-	38,004
<b>Income before zakat</b>	<b>84,069</b>	<b>143</b>	<b>84,212</b>	<b>1,370</b>	<b>85,582</b>
Zakat expense	(2,974)	(1,008)	(3,982)	(14)	(3,996)
<b>Net income for the year</b>	<b>81,095</b>	<b>(865)</b>	<b>80,230</b>	<b>1,356</b>	<b>81,586</b>

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**18 Operating segments** (continued)

*Segment information provided to the board of directors: (continued)*

	HVAC solutions	Home appliances	Total reportable segments	Others	Adjustments and eliminations	Total
<b>2025</b>						
Reportable segment assets	1,983,279	1,036,947	3,020,226	30,767	(1,240,630)	1,810,363
Additions to properties and equipment	8,666	4	8,670	-	-	8,670
<b>2024</b>						
Reportable segment assets	1,813,131	916,962	2,730,093	10,494	(1,147,110)	1,593,477
Additions to properties and equipment	7,591	179	7,770	-	-	7,770
<b>2025</b>						
<b>Total segment liabilities</b>	<b>HVAC Solutions</b> 1,101,112	<b>Home Appliances</b> 729,766	<b>Total reportable segments</b> 1,830,878	<b>Others</b> 34,956	<b>Adjustments and eliminations</b> (907,092)	<b>Total</b> 958,742
<b>2024</b>						
<b>Total segment liabilities</b>	983,320	601,683	1,585,003	8,970	(798,665)	795,308

Adjustments and eliminations represent intercompany transactions and consolidation elimination entries transactions, and the intercompany transactions are mainly related to financing transactions.

The non-current assets are geographically located in KSA by 100% as of December 31, 2025 and December 31, 2024.

Depreciation and amortization for the year ended December 31, 2025 amounted to SR 5.7 million for HVAC Solutions segment and SR 10.6 million for Home Appliances segment (2024: SR 5 million for HVAC Solutions and SR 5.6 million for Home Appliances segment).

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**19 Revenues**

The Group's revenues are derived from contracts with customers for sale of goods and rendering of services.

Revenues from sale of goods are satisfied at a point in time when the products are sold to and accepted by customers. Service revenues are recognized overtime.

All Group's revenues are generated within the Kingdom of Saudi Arabia.

<b>For the year ended December 31, 2025</b>	<b>HVAC Solutions</b>	<b>Home appliances</b>	<b>All other segments</b>	<b>Total</b>
Revenue from sales of goods	<b>837,100</b>	<b>392,860</b>	-	<b>1,229,960</b>
Revenue from rendering services	<b>147,182</b>	<b>4,986</b>	<b>12,840</b>	<b>165,008</b>
<b>Total</b>	<b>984,282</b>	<b>397,846</b>	<b>12,840</b>	<b>1,394,968</b>

<b>For the year ended December 31, 2024</b>	<b>HVAC Solutions</b>	<b>Home appliances</b>	<b>All other Segments</b>	<b>Total</b>
Revenue from sales of goods	1,001,593	357,701	-	1,359,294
Revenue from rendering services	51,814	-	4,798	56,612
<b>Total</b>	<b>1,053,407</b>	<b>357,701</b>	<b>4,798</b>	<b>1,415,906</b>

**20 Cost of sales**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cost of Goods	<b>912,374</b>	1,031,409
Cost of Service	<b>116,449</b>	29,682
Impairment losses on inventories (Note 8)	<b>8,698</b>	1,804
Right of used assets depreciation	<b>10,375</b>	6,488
	<b>1,047,896</b>	<b>1,069,383</b>

**21 Other income**

Other income for the year ended 31 December comprise the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Rental income	<b>2,098</b>	1,512
Others	<b>486</b>	4,624
	<b>2,584</b>	<b>6,136</b>

**22 Selling and distribution expenses**

Selling and distribution expenses for the year ended 31 December comprise the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Employee costs	<b>74,344</b>	65,446
Sales commission	<b>13,643</b>	21,008
Dealer promotional incentives	<b>11,047</b>	19,356
Publicity and advertising	<b>11,461</b>	18,393
Transportation	<b>9,404</b>	8,177
Rent	<b>2,777</b>	2,065
Repairs and maintenance	<b>933</b>	1,500
Printing and stationery	<b>240</b>	582
Warranty expenses	<b>3,147</b>	358
Materials and installations	<b>869</b>	358
Utilities	<b>336</b>	264
Depreciation (Note 4.1)	<b>2,888</b>	-
Others	<b>4,407</b>	3,961
	<b>135,496</b>	<b>141,468</b>

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**23 General and administrative expenses**

General and administrative expenses for the year ended 31 December comprise the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Employee costs	41,033	49,942
Travel	20,981	19,598
Professional fees	21,429	10,888
Repairs and maintenance	1,108	9,407
External Labor	7,811	7,681
Depreciation (Note 4.1)	4,415	4,045
Utilities	2,204	1,942
Insurance	1,512	1,610
Rent	2,257	2,692
Printing and stationery	598	1,022
Communication	1,627	401
Entertainment	431	207
Amortization of intangible assets (Note 5)	608	45
Others	8,471	5,682
	<b>114,485</b>	<b>115,162</b>

**24 Finance costs**

Finance costs for the year ended 31 December comprise the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Finance charges	18,872	45,542
Bank charges	4,508	5,222
Interest on lease liabilities (Note 4.2)	1,292	719
Interest expense on end-of-service benefit obligation	1,469	-
	<b>26,141</b>	<b>32,872</b>

**25 Basic and diluted earnings per share**

Basic and diluted earnings per share amounts are calculated by dividing the earnings for the year ended attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Earnings attributable to owners of the Parent Company</b>	<b>81,749</b>	<b>81,586</b>
Weighted average number of ordinary shares outstanding	<b>55,500</b>	<b>55,500</b>
<b>Basic and diluted earnings per share</b>		
From continuing operations attributable to the owners of the Parent Company	1.473	1.470
From discontinued operations attributable to the owners of the Parent Company	-	-
Total basic and diluted earnings per share attributable to the owners of the Parent Company	<b>1.473</b>	<b>1.470</b>

## **26 Financial instruments – fair values**

This note provides information about the Group’s financial instruments, including:

- An overview of all financial instruments held by the Group;
- Specific information about each type of financial instruments.

### **Financial assets**

Financial assets are measured at amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). The decision to classify these financial assets into appropriate categories depends on:

- The business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

All financial assets owned by the Group are measured at amortized cost, with the fair values being not materially different from their carrying amounts due to their short-term nature.

### **Financial liabilities**

The fair values of financial liabilities are not materially different from their carrying amounts, since the interest payable on those liabilities is either close to current market rates or the liabilities are of a short-term nature.

### **Financial instruments – risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Market risk; and
- Liquidity risk.

### **Risk management framework**

The Company’s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Company’s Board of Directors is responsible for developing and monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s Audit Committee monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company’s Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are provided to the Audit Committee.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company’s audit committee.

### **Credit risk**

The Group is exposed to credit risk as a result of the counterparty’s failure to meet its contractual obligations when due, in respect of:

- Trade receivables
- Cash at banks

In monitoring customer credit risk, customers are grouped according to their credit characteristic and geographic location and existence of previous financial difficulties.

**26 Financial instruments – fair values** (continued)

**Credit risk** (continued)

The Group is closely monitoring the economic environment in taking actions to limit its exposure to customers in countries experiencing particular economic volatility. Purchase limits are monitored, particularly for customers operating in Kingdom of Saudi Arabia, because the Group's experience is that the recent economic volatility has had a greater impact for customers than for customers in other countries.

Credit risk is the risk that the Group will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. Impairment losses on financial assets recognized in consolidated statement of profit or loss and other comprehensive income amounted to SR 11.8 million (2024: SR 14.3 million).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. management also considers the factors that may influence the credit risk of its customers base, including the default risk of the industry and the country in which customers operate. Further, details of concentration of revenue are included in note 19.

For receivables, the Group has set a credit policy according to which each new customer is individually analysed according to the financial solvency before presenting the Group's standard payment and delivery terms and conditions, and it includes reviewing the financial statements, information about the business and in some cases bank references. credit limits are set for each customer and are reviewed periodically. The Group limits its exposure to credit risk by providing credit terms that usually do not exceed three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, and existence of previous financial difficulties.

As at December 31, 2025 and December 31, 2024 the exposure to credit risks for receivables was as follows:

<b>Gross carrying amount</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade receivables (Note 6)	<b>539,102</b>	471,305
Cash and cash equivalents (bank balances and credit cards) (Note 10)	<b>56,151</b>	21,157
Total	<b>595,253</b>	492,462

\* For trade receivables, the Group grouped the customers who can buy on credit by geographic region, the maximum exposure to the credit risk for total current and non-current trade receivables by geographic region are as follows:

	<b>For the year ended December 31</b>	
	<b>2025</b>	<b>2024</b>
KSA	<b>539,102</b>	471,305
	<b>539,102</b>	471,305

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to audited financial statements, management accounts and cash flow projections) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of loss such as general economic and/or market conditions, client financial performance and profitability, cash flow or liquidity issues, payment delays and past due information and management experience.

These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions such as oil prices over the expected lives of the receivables. The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers that represent a large number of low value balances. The expected loss rates are based on the payment profiles of sales over a period of 36 months.

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**26 Financial instruments – fair values (continued)**

**Credit risk (continued)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables based on geographical area as at December 31, 2025 and December 31, 2024:

	<b>Gross Carrying amount</b>	<b>Weighted average loss</b>	<b>Loss allowance (%)</b>
<b>December 31, 2025</b>			
KSA	<b>539,102</b>	<b>45,041</b>	<b>8.4%</b>
	<b>539,102</b>	<b>45,041</b>	<b>8.4%</b>
<b>December 31, 2024</b>			
KSA	471,305	48,671	10.3%
	471,305	48,671	10.3%

The following table provides information about the exposure to credit risk and ECLs for all trade receivables as at December 31, 2025 and December 31, 2024:

	<b>Gross Carrying amount</b>	<b>Weighted average loss</b>	<b>Loss allowance (%)</b>
<b>2025</b>			
1-90 days	<b>235,345</b>	<b>2,888</b>	1.2%
91-180 days	<b>129,664</b>	<b>2,485</b>	1.9%
181-270 days	<b>95,252</b>	<b>2,707</b>	2.8%
271-360 days	<b>40,070</b>	<b>3,611</b>	9.0%
More than 360 days	<b>38,771</b>	<b>33,350</b>	86.0%
	<b>539,102</b>	<b>45,041</b>	<b>8.4%</b>
<b>2024</b>			
1-90 days	242,872	9,475	3.9%
91-180 days	149,380	8,610	5.8%
181-270 days	42,341	2,152	5.1%
271-360 days	5,755	667	11.6%
More than 360 days	30,957	27,767	89.7%
	471,305	48,671	10.3%

Factors impacting ECL model:

- Trade receivables collections;
- Forward-looking information included in ECL model is the GDP which is correlated to the Group's trade receivables.

**Sensitivity**

The following table demonstrates the sensitivity of the impairment of trade receivables to reasonably possible changes in GDP with all other variables held constant:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Increase by 100 basis points	<b>42</b>	19
Decrease by 100 basis points	<b>(42)</b>	(19)

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**26 Financial instruments – fair values** (continued)

**Credit risk** (continued)

**Sensitivity** (continued)

The Group has assessed other receivables as underperforming receivables and as the expected lifetime of related financial assets for less than 12 months the Group has applied the expected loss measurement over the life of the assets. The expected losses of other receivables as at December 31, 2025 are SR nil (2024: SR nil).

*Financial instruments and cash deposits*

The Group has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at December 31, 2025 is insignificant (December 31, 2024: insignificant). The cash balance as at December 31, 2025 is SR 57.3 million (December 31, 2024: SR 22.8 million).

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on bank balances is low considering the Group has outstanding loans balances and credit facilities with the various banks, in Saudi Arabia, with good credit ratings (in the range of A+ to BB+) as aligned from external credit rating companies such as Moody's and Fitch, so concentration risk is also low.

**Market risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates, commission rates and goods prices, will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Currency risks**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group - primarily Saudi Arabian Riyal. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. Currency risk regarding purchase in Euro is immaterial.

**Profit rate risk**

Profit rate risk is the exposure to risks associated with the effect of fluctuations in the prevailing profit rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and other banking facilities amounting to SR 478 million as at December 31, 2025 (2024: SR 271 million) carry fee of variable profit financing according to prevailing market rates. The Group's management monitors the fluctuations in commission rates on an ongoing basis.

The interest rate profile of the Group's interest - bearing financial instruments as reported to the management of the Group is as follows.

	<u>2025</u>	<u>2024</u>
Financial liabilities:		
Variable rate instruments	<u>477,665</u>	<u>270,908</u>
	<u>477,665</u>	<u>270,908</u>

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**26 Financial instruments – fair values** (continued)

**Credit risk** (continued)

**Profit rate risk** (continued)

*Sensitivity Analysis*

A reasonably possible change of 1% interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	<b>Profit or loss</b>		<b>Equity net of tax</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
<b>December 31, 2025</b>				
Variable rate instruments	4,777	(4,777)	4,777	(4,777)
<b>December 31, 2024</b>				
Variable rate instruments	2,709	(2,709)	2,709	(2,709)

**Price risk**

Price risk is the potential change in the fair value of financial instruments as a result of instrument-specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The total size of investments which are exposed to market price risk is SR 11.2 million (2024: SR 10.7). Underlying equities are susceptible to market price risk arising from uncertainty about the future value of invested securities.

The Group manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.

Management monitors rolling forecasts of the Group's liquidity reserve comprising the undrawn borrowing facilities amounting to SR 873 million (December 31, 2024: SR 1,340) (See note 13) and cash and cash equivalents amounting to SR 57.6 million as at December 31, 2025 (December 31, 2024: SR 22.8) (See note 10) on the basis of expected cash flows. This is generally carried out at a Group level. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The associate has outstanding credit facility guaranteed by the Company in proportion to its share. As of December 31, 2025 and 2024, no loans were drawn by the associate under the facility agreement.

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**26 Financial instruments – fair values (continued)**

**Liquidity risk (continued)**

The following are the contractual maturities of the financial liabilities at the end of the reporting period. Amounts are shown in total and not discounted:

Contractual maturities of financial liabilities as at December 31, 2025	Less than one year	Saudi Riyals		Total	Carrying amount
		1- 2 years	2- 5 years and more		
Trade payables due to related parties	218,717	-	-	218,717	218,717
Trade payables – third parties	55,491	-	-	55,491	55,491
Bank loans	507,615	-	-	507,615	477,665
Lease liabilities	11,735	10,437	7,136	29,308	27,579
<b>Total</b>	<b>793,558</b>	<b>10,437</b>	<b>7,136</b>	<b>811,131</b>	<b>780,752</b>

Contractual maturities of financial liabilities as at December 31, 2024	Less than one year	Saudi Riyals		Total	Carrying amount
		1- 2 years	2- 5 years and more		
Trade payables due to related parties	264,426	-	-	264,426	264,426
Trade payables – third parties	61,417	-	-	61,417	61,417
Bank loans	288,912	-	-	288,912	270,908
Lease liabilities	7,843	8,439	3,334	19,616	18,636
<b>Total</b>	<b>622,598</b>	<b>8,439</b>	<b>3,334</b>	<b>634,371</b>	<b>615,387</b>

The following table summarize the assets and liabilities expected recovery/settlement period:

Assets	expected time frame for recovery /settlement	December 31,	December 31,
		2025	2024
Investments at fair value through profit or loss	Less than 1 year	11,234	10,734
Prepayments and other debt balances	Less than 1 year	58,160	72,239
Trade and other receivables	Less than 1 year	544,109	479,144
Inventories	Less than 1 year	427,981	336,474
		<b>December 31,</b>	<b>December 31,</b>
		<b>2025</b>	<b>2024</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	More than 1 year	16,536	11,473
<b>Current liabilities</b>			
Bank loans	Less than 1 year	477,665	270,908
Trade and other payables	Less than 1 year	411,544	466,248
Lease liabilities	Less than 1 year	11,043	7,163

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**27 Related party transactions**

Significant balances and transactions with related parties included in the consolidated financial statements are as follows:

Name	Relationship	Nature of Transaction	Transactions		Closing Balance	
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
<i>a) Due to related parties – under trade and other payables:</i>						
LG Shaker Company Limited	Associate	Purchase of finished goods	<b>646,015</b>	654,005	<b>175,100</b>	259,808
LG Electronics Inc.	A 51% owner of LG Shaker Company Ltd. (Note 7)	Purchase of finished goods	<b>61,339</b>	40,223	<b>17,290</b>	4,618
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	<b>93,678</b>	-	<b>26,327</b>	-
Total trade and other payable (Note 15)					<b>218,717</b>	264,426
<i>b) Due from related parties – under prepayments and other debt balances:</i>						
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	-	126,741	-	4,302
Ajeek Maintenance Service Company Limited	Associate	Expenses paid on behalf	-	2,207	-	2,207
Total prepayments and other debt balances (Note 9)					-	6,509
Key management personnel	Key management	Remuneration and meeting attendance fee	-	-	<b>3,344</b>	2,650
<i>b) Key management personal compensation:</i>						
					<b>2025</b>	<b>2024</b>
Short-term employee benefits					<b>13,902</b>	13,081
Post-employment benefits					<b>999</b>	941
					<b>14,901</b>	14,022

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**28 Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business Management monitoring the return on capital as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at December 31, 2025 was as follows:

	<b>2025</b>	<b>2024</b>
Total liabilities	<b>958,742</b>	795,308
Less: cash and cash equivalents	<b>(57,292)</b>	(22,797)
<b>Adjusted net debt</b>	<b>901,450</b>	772,511
<b>Total equity</b>	<b>851,621</b>	798,169
<b>Adjusted net debt to equity ratio</b>	<b>106%</b>	97%

**29 Dividends**

On 18 May 2025 (corresponding to 20 Dhu al-Qadah 1446H), the general assembly approved the recommendation of the board of directors to distribute dividends to shareholders for the year ended December 31, 2024, with a total amount of SR 27,750,000, equivalent to SR 0.5 per share, representing 5% of the share par value.

**30 Subsequent events**

Except for the below subsequent events, there have been no other significant occurrences that would materially affect the financial statements as presented.

- In January 8, 2026, corresponding to 19 Rajab 1447 AH. The General Assembly approved the Board of Directors' recommendation to increase the Company's share capital by granting bonus shares to the Company's shareholders and allocating a portion of these shares for the Employee Share Program, as follows: Share capital increased from SAR 555,000,000 to SAR 677,100,000. The increase will be executed through the issuance of 12,210,000 new ordinary shares by capitalizing SAR 122,100,000 from the retained earnings account. The total of 11,100,000 shares will be granted as bonus shares to Company's shareholders. The remaining 1,110,000 shares, after the increase, will be allocated to the Employee Share Program,
- the Group also sold its investments classified as Investments at fair value through profit or loss (FVTPL), with the related gain or loss to be recognized in the period of sale in accordance with IFRS 9.

**31 Assets held for sale**

In October 2024, the Group classified two parcels of lands located in Al Qassim Province as held for sale. The sale is part of the company's strategy to optimize its asset portfolio and generate cash flows.

The carrying amount of the lands at the date of classification was SR 11.2 million and the fair value less cost to sell was SR 14.92 million based on an independent valuation conducted by an authorized valuation Company.

The active program to locate a buyer was initiated in October 2024. However, the sale of the land was not finalized within one year, accordingly, the Group reclassified the assets as property and equipment as at December 31, 2025.

**32 Contingencies and commitments**

The Group has the following as of December 31, 2025.

- Outstanding bank guarantees of SR 152.2 million (December 31, 2024: SR 124.1 million) issued by the local and foreign banks in respect of import of finished goods and other supplies.
- Outstanding bank letters of credit of SR 74.2 million (December 31, 2024: SR 62.7 million) issued against import of finished goods and other supplies.
- The Group has a contractual obligation with regard to the purchase of lot of land amounting to SR 10.9 million as of December 31, 2025.