

**Arab Sea Information System Company
(A Listed Joint Stock Company)
Consolidated Financial Statements
And the Independent Auditor's Report
For the year ended 31 December 2025**

Arab Sea Information System Company
(A Listed Joint Stock Company)

Consolidated Financial Statements and the Independent Auditor's Report
For the year ended 31 December 2025

<u>Index</u>	<u>Pages</u>
Independent Auditor's Report	-
Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5-42

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA

(1/5)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Sea Information System Company (the "Company"), and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2025, and consolidated the statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Group's consolidated financial statements. We have fulfilled our ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, the Group incurred a net loss of SAR 19.6 million for the year ended 31 December 2025 and, as of that date, the Group's current liabilities exceeded its current assets, resulting in a negative working capital of SAR 26.9 million. These conditions indicate that a material uncertainty exists that may cast a doubt on the Group's ability to continue as a going concern. As stated in note 1, the management has made an assessment of the Group's ability to continue as a going concern, and as result, these consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matter

As part of our audit of the consolidated financial statements for the year 2025, we have also audited the adjustments described in Note 33 which were applied to restate the consolidated financial statements for the year 2024. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or perform any procedures on the Group's consolidated financial statements for the year 2024 other than with respect to the adjustments, and accordingly, we do not express an opinion or provide any form of assurance on the consolidated financial statements as a whole for the year 2024.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a modified opinion on those consolidated financial statements in their report dated 12 Shawwal 1446H, corresponding to 10 April 2025.

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 year. 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 (CONTINUED)

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA

(2/5)

Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Impairment Testing of Intangible Assets</p> <p>The carrying amount of the intangible assets as at 31 December 2025 amounted to SAR 112.6 million (31 December 2024: SAR 116.8 million).</p> <p>The Group performs an annual impairment test on the recoverable amount of the intangible assets. For the purpose of assessing impairment, a value-in-use model is used to determine the recoverable amount, whereby future cash flows relating to each cash-generating unit are discounted and compared with their respective carrying amount. The value-in-use model requires the use of several key assumptions, including estimates of future sales volumes, pricing, operating costs, terminal values, and growth and discount rates.</p> <p>The impairment assessment of the intangible assets was considered a key audit matter due to the significant judgments and assumptions involved in the impairment evaluation process.</p> <p>Refer to the material accounting policy information disclosed in Notes (6-5) and (5-7) for the policy relating to impairment of non-financial assets and Note (8) for further details on intangible assets.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We assessed the Group's compliance of its intangible asset impairment policies with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants. We evaluated the appropriateness of management's identification of cash-generating units in accordance with the requirements of IAS 36 Impairment of Assets as endorsed in the Kingdom of Saudi Arabia. We assessed the reasonableness of the methodology used by management to determine the recoverable amount based on value-in-use calculations. We evaluated the reasonableness of the significant judgments and assumptions applied by management in the value-in-use calculations. We ensured that the calculations of the recoverable amounts were based on the latest approved business plans. We assessed the reasonableness of key assumptions relating to estimated future cash flows. We evaluated the sensitivity of the value-in-use model results to changes in key assumptions. We assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.
<p>Revenue Recognition</p> <p>The Group's revenue for the year ended 31 December 2025 amounted to SAR 53 million (2024: SAR 41.3 million). The Group recognizes revenue from the sale of software and hardware, as well as e-commerce transactions, at a point in time, while revenue from maintenance and technical support services, database subscriptions, and management and operation services is recognized over time.</p> <p>The Group focuses on revenue as a key performance indicator, which creates an incentive to recognize revenue before the transfer of control.</p> <p>Based on the above factors, and considering the materiality of the amounts involved, we have identified revenue recognition as a key audit matter.</p> <p>Refer to the material accounting policy information disclosed in Note (6-16) for the policy related to revenue recognition, and Note (23) for further details on revenue.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the accounting policy for revenue recognition in accordance with IFRS 15 Revenue from Contracts with Customers. We performed sample-based testing and verified that revenue recognition policies were applied appropriately and at the correct timing. We performed sample-based testing of revenue transactions and examined the relevant supporting documentation to validate the occurrence and accuracy of revenue recognition. We performed sample-based cut-off testing by examining transactions before and after the reporting date, along with supporting documentation, to assess whether revenue was recognized in the appropriate accounting period. We assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA

(3/5)

Other Information

Other information consists of the information included in the Group's annual report for the year 2025, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 consolidated 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 (CONNUED)

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA

(4/5)

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 skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (CONNUED)

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA

(5/5)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

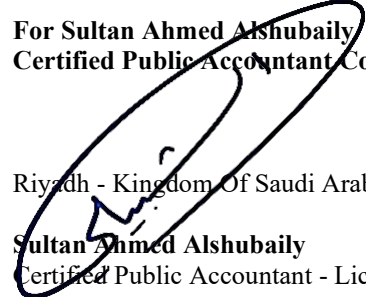
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations 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.



Date: 4 May 2026
Corresponding to: 17 Dhual-Qa'dah 1447H

For Sultan Ahmed Alshubaily
Certified Public Accountant Company

Riyadh - Kingdom Of Saudi Arabia


Sultan Ahmed Alshubaily
Certified Public Accountant - License No. 600

Arab Sea Information System Company
(A Listed Joint Stock Company)
Consolidated Statement of Financial Position
For the year ended 31 December 2025
(All amounts in "R" unless otherwise stated)

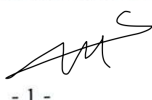
	Note	31 December 2025	31 December 2024 Restated (Note 33)	1 January 2024 Restated (Note 33)
ASSETS				
Non-current assets				
Property, plant and equipment	7	65,401,500	66,604,496	3,877,863
Intangible assets	8	112,615,126	116,768,750	125,372,395
Right of use assets	9	137,839	632,050	1,418,357
Total non-current assets		178,154,465	184,005,296	130,668,615
Current assets				
Inventory	10	124,794	799,561	1,272,926
Trade receivables	11	14,124,006	10,012,232	12,821,680
Prepayments and other current assets	12	3,285,221	2,077,217	1,876,862
Cash and cash equivalents	13	5,454,827	3,377,329	3,670,756
Total current assets		22,988,848	16,266,339	19,642,224
Total assets		201,143,313	200,271,635	150,310,839
EQUITY AND LIABILITIES				
Equity				
Share capital	14	100,000,000	100,000,000	100,000,000
Additional contributions	15	23,404,530	23,404,530	-
(Accumulated losses) / Retained earnings		(18,156,325)	1,572,801	24,797,839
Total equity		105,248,205	124,977,331	124,797,839
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits	16	7,164,157	6,061,906	5,619,039
Long-term liabilities to a shareholder - non-current portion	17	28,163,274	34,909,939	-
Bank facilities – non-current portion	18	10,606,545	-	-
Lease liabilities – non-current portion	9	29,069	13,370	518,008
Total non-current liabilities		45,963,045	40,985,215	6,137,047
Current liabilities				
Contract liabilities	19	5,646,105	6,385,379	3,939,890
Trade payables		2,209,883	2,050,902	2,122,771
Bank facilities – current portion	18	3,784,528	-	-
Long-term liabilities to a shareholder - current portion	17	15,020,252	7,552,802	-
Lease liabilities – current portion	9	54,169	504,638	780,159
Due to related parties	20	3,067,499	3,142,894	3,982,969
Accrued expense and other current liabilities	21	20,077,930	14,538,579	7,578,563
Zakat provision	22	71,697	133,895	971,601
Total current liabilities		49,932,063	34,309,089	19,375,953
Total liabilities		95,895,108	75,294,304	25,513,000
Total equity and liabilities		201,143,313	200,271,635	150,310,839

The accompanying notes (1) to (36) form an integral part of these consolidated financial statements.

Chief Financial Officer



Chief Executive Officer



Chairman of the Board



Arab Sea Information System Company
(A Listed Joint Stock Company)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025
(All amounts in "R" unless otherwise stated)

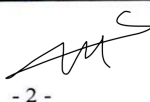
	Note	For the year ended	
		31 December 2025	31 December 2024 Restated (Note 33)
Revenue	23	52,976,457	41,302,316
Cost of revenue	24	(25,416,196)	(25,772,583)
Gross profit		27,560,261	15,529,733
General and administrative expenses	25	(26,865,995)	(16,671,569)
Selling and marketing expenses	26	(11,495,402)	(11,244,006)
Impairment of intangible assets	8	(4,535,619)	(8,159,504)
Expected credit loss provision on trade receivables	11	(3,343,655)	(3,217,696)
Operating loss		(18,680,410)	(23,763,042)
Other income	27	666,222	500,032
Provisions no longer required	22	-	260,069
Finance costs	28	(1,605,787)	(454,710)
Loss for the year before zakat		(19,619,975)	(23,457,651)
Zakat	22	-	(145,051)
Loss for the year		(19,619,975)	(23,602,702)
Other comprehensive income items:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of employees' defined benefit obligations	16	(109,151)	377,664
Total (other comprehensive loss) / other comprehensive income for the year		(109,151)	377,664
Total comprehensive loss for the year		(19,729,126)	(23,225,038)
Loss per share			
Basic and diluted loss per share attributable to ordinary equity holders of the company	29	(0.20)	(0.24)

The accompanying notes (1) to (36) form an integral part of these consolidated financial statements

Chief Financial Officer



Chief Executive Officer



Chairman of the Board

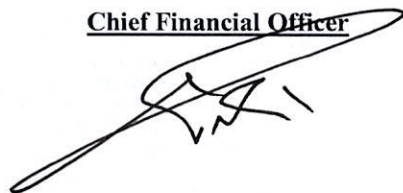


Arab Sea Information System Company
(A Listed Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2025
(All amounts in "AED" unless otherwise stated)


	Note	Share capital	Additional contributions	(Accumulated losses) / Retained earnings	Total
Balance as at 1 January 2024 (as stated previously)		100,000,000	-	27,044,393	127,044,393
Impact of adjustments	33	-	-	(2,246,554)	(2,246,554)
Balance as at 1 January 2024 (Restated)		100,000,000	-	24,797,839	124,797,839
Loss for the year – restated		-	-	(23,602,702)	(23,602,702)
Other comprehensive income for the year		-	-	377,664	377,664
Total comprehensive loss for the year		-	-	(23,225,038)	(23,225,038)
Additional contributions from a shareholder – restated	15	-	23,404,530	-	23,404,530
Balance as at 31 December 2024 (restated)		100,000,000	23,404,530	1,572,801	124,977,331
Balance as at 1 January 2025		100,000,000	23,404,530	1,572,801	124,977,331
Loss for the year		-	-	(19,619,975)	(19,619,975)
Other comprehensive loss for the year		-	-	(109,151)	(109,151)
Total comprehensive loss for the year		-	-	(19,729,126)	(19,729,126)
Balance as at 31 December 2025		100,000,000	23,404,530	(18,156,325)	105,248,205

The accompanying notes (1) to (36) form an integral part of these consolidated financial statements

Chief Financial Officer



Chief Executive Officer

- 3 -


Chairman of the Board



Arab Sea Information System Company
(A Listed Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2025
(All amounts in "AED" unless otherwise stated)

	Note	For the year ended	
		2025	2024 (Restated Note 33)
Cash flows from operating activities			
Loss before Zakat		(19,619,975)	(23,457,651)
Adjustments for:			
Depreciation of property, plant and equipment	7	1,526,420	261,766
Amortization of intangible assets	8	13,601,779	13,872,962
Depreciation of right of use assets	9	605,267	786,307
Finance costs	28	1,605,787	454,710
Provision for employees' defined benefit obligations	16	1,344,816	790,343
Provisions no longer required	22	-	(260,069)
Gains on disposal of property, plant and equipment		(20,200)	(73,340)
Impairment of intangible assets	8	4,535,619	8,159,504
Provision for slow-moving inventory	10	653,612	450,000
Provision for expected credit losses	11	3,343,655	3,217,696
		<u>7,576,780</u>	<u>4,202,228</u>
Changes in Working Capital:			
Inventory		21,155	23,365
Trade receivables		(7,455,429)	(408,248)
Prepayments and other current assets		(1,208,004)	(200,355)
Contract liabilities		(739,274)	2,445,489
Trade payables		158,981	(71,869)
Accrued expense and other current liabilities		5,539,351	6,960,016
Due to related parties		(75,395)	829,925
Cash generated from operating activities		<u>3,818,165</u>	<u>13,780,551</u>
Zakat paid	22	(62,198)	(722,688)
Finance costs paid	18	(454,603)	-
Employee defined benefit obligation paid	16	(668,862)	(236,627)
Net cash flows generated from operating activities		<u>2,632,502</u>	<u>12,821,236</u>
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment	7	(323,424)	(3,228,082)
Proceeds from disposal of property, plant and equipment		20,200	73,340
Payments for additions of intangible assets	8	(13,983,774)	(13,428,821)
Net cash used in investing activities		<u>(14,286,998)</u>	<u>(16,583,563)</u>
Cash flows from financing activities			
Lease liabilities paid	9	(561,100)	(861,100)
Proceeds from bank facilities	18	15,100,000	-
Repayments of bank facilities	18	(806,906)	-
Proceeds from long-term liabilities to a shareholder		-	4,330,000
Net cash flows generated from financing activities		<u>13,731,994</u>	<u>3,468,900</u>
Net change in cash and cash equivalents		<u>2,077,498</u>	<u>(293,427)</u>
Cash and cash equivalents at the beginning of the year	13	<u>3,377,329</u>	<u>3,670,756</u>
Cash and cash equivalents at the end of the year	13	<u>5,454,827</u>	<u>3,377,329</u>
Non-cash transactions			
Long-term liabilities against the purchase of property, plant and equipment		-	59,000,000
Long-term liabilities against amounts due to related parties		-	1,670,000
Additional contributions from shareholders against the purchase of property, plant and equipment		-	760,317
Addition of right-of-use assets against lease liabilities	9	(111,056)	-

The accompanying notes (1) to (36) form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

1. Company information

A- Company establishment

Arab Sea Information System Company ("the Company") is a listed joint stock company incorporated in accordance with the applicable Companies Law in the Kingdom of Saudi Arabia, under Ministerial Resolution No. (128/M) dated 14 Rabi Al-Thani 1429H (corresponding to 20 April 2009), announcing the transformation of Arab Sea Information System Company from a limited liability company to a closed joint stock company. Subsequently, it became a listed joint stock company on 26 February 2017. The Company is registered under Commercial Registration No. 1010169116 issued in Riyadh on 27 Jumada Al-Thani 1422H (corresponding to 15 September 2001), with a unified national number 7001437289.

The Company's head office is located in Riyadh, Kingdom of Saudi Arabia, P.O. Box 40268, Postal Code 11499.

The principal activity of Arab Sea Information System Company is network installations; retail sales of computers and their accessories, including printers and ink cartridges; design and programming of customized software; providing telecommunications and information networks management and monitoring services; cybersecurity; and repair and maintenance of engines, systems, and fixed and portable data storage devices.

The accompanying consolidated financial statements include the accounts of the Company and its branches as set out below:

Name of branch	Commercial Register No.	City
Arab Sea Training Center	1010664109	Riyadh
Arab Sea Information System Company	1131291891	Buraydah
Arab Sea Information System Company	2051221240	Khobar
Arab Sea Information System Company	3550123009	Tabuk
Arab Sea Information System Company	4030287742	Jeddah
Arab Sea Information System Company	5855339644	Khamis Mushatt
Arab Sea Information System Company	1383041	Dubai

B- Fiscal year

The Group's fiscal year consists of twelve months, starting from the beginning of January and ending at the end of December of each calendar year.

C- Going concern

The Group incurred a net loss for the year amounting to SAR 19.6 million (2024: SAR 23.6 million). In addition, the Group's current liabilities exceeded its current assets by SAR 26.9 million as at 31 December 2025 (31 December 2024: SAR 18 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Management has performed an assessment of the Group's ability to continue as a going concern and, accordingly, the consolidated financial statements have been prepared on a going concern basis.

Management assessed the Group's ability to successfully achieve its business plan and generate sufficient cash flows to meet its obligations over the next twelve months. In preparing the forecasts, management considered all reasonably possible cash flows and amounts supported by the circumstances and facts available as at the date of approval of these consolidated financial statements. In preparing the business plan, management considered the following factors:

- 1- The Group has continued to improve its operations, and its revenue increased to SAR 53 million for the year ended 31 December 2025 compared to SAR 41.3 million and SAR 39 million for the years ended 31 December 2024 and 31 December 2023, respectively. In addition, there is an expectation of further growth over the next twelve months.
- 2- During 2025, the Group obtained financing from a local bank amounting to SAR 15.1 million to meet its operational needs.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

1. Company information (Continued)

C- Going concern (continued)

Based on the above business plan, the Group's cash flow forecasts for the twelve-month period from the reporting date show a net positive cash flow position, and the Group's management believes that it will be able to generate sufficient cash flows to enable it to meet its obligations as they fall due over the next twelve months from the date of these consolidated financial statements, taking into consideration the above-mentioned factors. However, there remains a continued dependence on the successful outcome of the following:

- The Group's ability to successfully achieve its business plan and to generate sufficient cash flows to meet its obligations over the next twelve months from the date of approval of these consolidated financial statements.

Accordingly, management continues to believe that it remains appropriate to prepare the consolidated financial statements on a going concern basis. Therefore, the consolidated financial statements have been prepared on a going concern basis.

D- Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group.

2. Group information

The consolidated financial statements include the financial statements of Arab Sea Information System Company and the financial statements of the entities it controls (subsidiaries) as at 31 December 2025.

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Ownership(%) as at</u>	
		<u>31 December 2025</u>	<u>31 December 2024</u>
Arab Sea Financial Company (*)	Kingdom of Saudi Arabia	100%	100%
Era Data Company for Information Technology (**)	Kingdom of Saudi Arabia	100%	100%
Arab Sea Information System Company (***)	Arab Republic of Egypt	100%	100%

(*) Arab Sea Financial Company – a closed joint stock company – was incorporated in accordance with the Companies Law of the Kingdom of Saudi Arabia under Commercial Registration No. 1010725510 issued in Riyadh on 20 Dhu al-Qidah 1442H (corresponding to 30 June 2021), with a unified national number 7023847770 and a share capital of SAR 5 million. On 24 Dhu al-Hijjah 1444H (corresponding to 12 July 2023), the Company increased its share capital from SAR 5 million to SAR 15 million. The Company's principal activity is technology in financial services.

(**) Era Data for Information Technology – a single-person limited liability company – was incorporated in accordance with the Companies Law of the Kingdom of Saudi Arabia under Commercial Registration No. 1010778606 issued in Riyadh on 6 Rajab 1443H (corresponding to 7 February 2022), with a unified national number 7027761753 and a share capital of SAR 2.5 million. The Company's principal activities include designing and programming customized software, providing telecommunications and information network management and monitoring services, providing call center services, and registration to provide cloud computing services. During the year ended 31 December 2025 and 2024, the subsidiary did not carry out any commercial activities stated in its commercial registration.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

2. Group information (Continued)

(***) Arab Sea Information System Company – a single-person limited liability company – was incorporated in accordance with the provisions of the Investment Law in the Arab Republic of Egypt under Commercial Registration No. 105300000200513 issued in Cairo on 26 December 2022. The Company’s principal activities include specification, analysis, and design of software, databases, and various types of applications; design and production of software and applications; establishment of databases and electronic information system and their operation and training; production of electronic content in various forms including audio, visual, and data; data entry using computers and electronic means; specification and design of computer systems of all types; and production and development of engineering systems.

3. Basis of preparation

3-1 Statement of compliance

The financial statements have been prepared and fairly presented in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Group has elected to present a single statement of profit or loss and other comprehensive income and to present its expenses by function. The Group presents cash flows from operating activities using the indirect method.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2024 is presented in these consolidated financial statements due to the retrospective correction of an error (Note 33).

3-2 Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for defined employee benefit obligations, which are measured at the present value of future obligations using the projected unit credit method, and long-term obligations due to a shareholder, which are measured at present value. In addition, the consolidated financial statements are prepared using the accrual basis of accounting and the going concern assumption.

3-3 Basis of consolidation of financial statements

These consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements of the Group. These comprise the assets, liabilities, and results of operations of the Company and its subsidiaries, as stated in Note (2). The Company and its subsidiaries are collectively referred to as the “Group.”Subsidiaries are entities controlled by the Group. Control exists when the Group 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 control commences until the date control ceases. The Group accounts for business combinations using the acquisition method when control is transferred. The cost of acquisition is measured at the fair value of the identifiable assets acquired and the fair value of the previously held equity interest in the subsidiary. If the business combination is achieved in stages, the carrying amount of the Group’s previously held interest in the acquiree is remeasured at fair value at the acquisition date, and any resulting gain or loss is recognized in the consolidated statement of profit or loss. All intra-group transactions, balances, unrealized income, and expenses arising from transactions between Group companies are eliminated. The accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

4. New Standards, Amendments to Standards and Interpretations

4-1 New and amended International Financial Reporting Standards issued and effective in 2025

The following amendments to standards relevant to the Group are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has adopted these standards and/or amendments; however, they did not have a material impact on the consolidated financial statements.

Amendments to Standards	Description	Effective from annual periods beginning on or after	Summary of Amendments
IAS 21	Lack of Exchangeability	1 January 2025	The amendments to IAS 21 – Lack of Exchangeability, applicable for annual reporting periods beginning on or after 1 January 2025, clarify how an entity should assess whether a currency is exchangeable and how to determine the spot exchange rate when it is not exchangeable. The amendments also require disclosure of information that enables users of financial statements to understand how the lack of exchangeability of a currency into another currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

4-2 New and amended international financial reporting standards issued but not yet effective

The Group has not yet adopted the following new and amended International Financial Reporting Standards that have been issued but are not yet effective:

Standard, amendment, or interpretation	Effective date
Amendments to Classification and Measurement of Financial Instruments – Amendments to IFRS (9) and IFRS (7)	1 January 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
- Annual Improvements to IFRS Standards: Volume (11)	1 January 2026
- IFRS (18): Presentation and Disclosure in Financial Statements*	1 January 2027
- IFRS (19): Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management expects that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements when they become applicable. The adoption of these interpretations and amendments is not expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

5. Significant assumptions, estimates, and judgments

The preparation of consolidated financial statements in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of certain significant estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date, as well as the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future which, by definition, will seldom equal the related actual results.

The key estimates and assumptions are reviewed on a continuous basis, and changes in estimates are recognized prospectively.

5-1 Significant assumptions and estimates

Provision for expected credit losses on trade receivable

The Group uses a provision matrix to calculate expected credit losses on trade receivables. The provision rates are determined based on days past due for different groupings of customer segments that have similar loss patterns.

The provision matrix is initially based on historically observed default rates. The Group calibrates the matrix to adjust historical credit losses with forward-looking information. For example, if economic conditions are expected to deteriorate over the next year, which may lead to an increase in the number of defaults, the historical default rates are adjusted accordingly. At each consolidated financial reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecast economic conditions, and expected credit losses represents a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be indicative of actual customer default in the future.

Impairment testing of non-financial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposal.

Value in use is calculated using the discounted cash flow method. Cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company has not yet committed or significant future investments that would enhance the performance of the cash-generating unit being tested for impairment.

The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Development costs

The Group capitalizes costs related to software development projects. The capitalization of initial costs is based on management's judgment that technical and economic feasibility has been established, usually when the software development project reaches a defined stage in accordance with the adopted project management model.

In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash inflows from the project, the discount rates to be applied, and the expected period of benefits.

Employees' end-of-service benefits

The defined benefit obligation for employees is determined using actuarial valuations. Actuarial valuations involve making several assumptions that may differ from actual future developments. These assumptions include determining the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and the underlying assumptions and their long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the date of preparation of each financial statement.

5. Significant assumptions, estimates, and judgments (Continued)

5-1 Significant assumptions and estimates (continued)

Useful lives and residual values of property, plant and equipment

The Group reviews the estimated residual values and useful lives of property, plant and equipment at least annually. In particular, the Group considers the impact of health, safety, and environmental legislation when assessing the expected useful lives and estimated residual values.

The Group also takes into account climate-related matters, including physical and transition risks. Specifically, the Group assesses whether climate-related laws and regulations may affect the useful lives or residual values of assets, for example, the imposition of additional energy efficiency requirements on the Group's buildings and office properties.

Leases / Determination of the effective interest rate for recording credit facilities – estimation of incremental borrowing rate

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

Zakat assessments

The zakat provision is determined by the Group in accordance with the requirements of the Zakat, Tax and Customs Authority ("ZATCA") and is subject to change based on the final assessments received from the Authority. The Group recognizes liabilities for expected zakat based on management's best estimate of whether zakat will be due.

The final outcome of any additional amounts assessed by the Authority depends on the conclusion of the appeal process available to the Company. When the final zakat outcome differs from the amounts initially recorded, such differences may impact the consolidated statement of profit or loss and other comprehensive income in the period in which the final determination is made.

5-2 Significant judgments

Determination of lease term of contracts with renewal and termination options – Group as a lessee

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

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

6. Material accounting policy information

6-1 Classification of assets and liabilities as current and non-current

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

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

All other assets are classified as non-current assets.

A liability is classified as 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 settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

6-2 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of property, plant and equipment and borrowing costs related to long-term construction projects, when the recognition criteria are met.

Depreciation is calculated on all property and equipment, except for land and capital work in progress, using the straight-line method to write off the cost of each asset over its estimated useful life, based on the following useful lives:

Asset classification	Useful lives
Buildings	33
Vehicles	4
Office supplies and computer devices	10
Furniture and fixtures	10
Tools and equipment	5
Leasehold improvements	10 or the lease term, whichever is shorter

The recognition of any item of property, plant and equipment is discontinued upon its disposal or when no future economic benefits are expected from its continued use. Any gains or losses arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss in the consolidated statement of profit or loss and other comprehensive income at the time the asset is derecognized. Residual values, useful lives, and depreciation methods of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Capital work in progress is recognized at cost and is not depreciated. Depreciation of capital work in progress begins when the assets are ready for their intended use and are transferred to property, plant and equipment.

6. Material accounting policy information (Continued)

6-3 Value added tax (VAT)

Expenses and assets are recognized net of the amount of value added tax, except when the value added tax incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the cost of acquiring the asset or as part of the expense item, as applicable. Receivables and payables are presented inclusive of value added tax. The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables balances in the consolidated statement of financial position.

6-4 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. It represents assets under construction, recorded at cost less any recognized impairment losses. Cost includes the cost of equipment, materials, professional fees, and other expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. For qualifying assets, it also includes capitalized borrowing costs in accordance with the Group's policy.

Once commissioned, capital work in progress is transferred to the appropriate category of assets and is depreciated in accordance with the Group's policies.

6-5 Intangible assets

Intangible assets acquired separately are initially measured at cost on recognition. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, other than capitalized development costs, are not capitalized, and the related expenditures are recognized in profit or loss and other comprehensive income in the period in which they are incurred.

Intangible assets with finite useful lives are amortized over their economic useful lives and are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are treated as changes in accounting estimates and are accounted for prospectively. Amortization expense for intangible assets with finite useful lives is recognized in the consolidated statement of profit or loss and other comprehensive income within the expense category that is consistent with the function of the intangible assets.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives as follows:

Asset classification	Useful lives
Software and applications	5–20

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

a) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset and its ability to use or sell it
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

6. Material accounting policy information (Continued)

6-5 Intangible assets(Continued)

a) Research and development costs (Continued)

Following initial recognition of development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future economic benefits. Amortization is recognized in cost of sales.

6-6 Cash and cash equivalents

Cash and cash equivalents include bank balances, cash in hand, short-term bank deposits, and deposits held with banks with an original maturity of three months or less from the date of acquisition, which are available for use by the Group unless otherwise restricted.

6-7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or fair value less costs of disposal. When assessing value in use, 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. For impairment testing purposes, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Where there is an indication that an asset may be impaired, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognized for cash-generating units are first allocated to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of other assets in the unit (group of units) on a pro-rata basis.

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

6-8 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably measured.

6-9 Contingent liabilities

All contingent liabilities arising from past events, which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligations arising from past events that are not recognized because:

- 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- 2) The amount of obligation cannot be measured reliably ,

6. Material accounting policy information (Continued)

6-10 Trade receivables and other debit balances

Trade receivables and other debit balances are measured at amortized cost and consist of trade receivables, advances to suppliers, accrued revenue, and other current financial assets.

6-11 Inventories

Inventories are presented at cost or net realizable value, whichever is lower, after making provisions for any obsolete or slow-moving items. Cost represents the expenses incurred in bringing all products to their present location and condition, and is determined on a weighted average basis. Net realizable value is determined based on the estimated selling price less any costs expected to be incurred in completion or disposal.

At each financial reporting date, inventories are assessed to ensure that no impairment exists by comparing the carrying amount of each inventory item (or group of similar items) with its selling price less selling costs. Where impairment is identified in any inventory item (or group of similar items), its carrying amount is reduced to the selling price less selling costs, and the impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

6-12 Credit facilities

Credit facilities are initially recognized at fair value, net of transaction costs incurred. Credit facilities are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss and other comprehensive income over the term of the facility using the effective interest method.

Credit facilities are classified as current liabilities when the remaining maturity is less than 12 months.

6-13 Foreign currency transactions and balances

Foreign currency transactions are initially recorded by the Group at the spot exchange rates of the respective functional currency at the date on which the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates of the functional currency at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income.

6-14 Zakat

The Group is subject to the Zakat regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, including interpretations issued by the Authority. Management establishes provisions, when applicable, based on amounts expected to be paid to the Authority and periodically assesses the positions taken in the Zakat declarations in relation to matters where the applicable Zakat regulations are subject to interpretation. Zakat expense is charged to the consolidated statement of profit or loss and other comprehensive income. Any additional Zakat liability, if any, relating to prior years' assessments by the Authority is recognized in the period in which the final assessments are completed.

6-15 Employee defined benefits

Short-term employee benefits

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

6. Material accounting policy information (Continued)

6-15 Employee defined benefits (Continued)

Defined contribution plans

Retirement benefits under the regulations of the General Organization for Social Insurance represent a defined contribution plan. The Group has no obligations other than the contributions due to the General Organization for Social Insurance. The Group recognizes contributions payable to the General Organization for Social Insurance as an expense when they become due.

Defined benefit plans

The defined benefit plan represents a post-employment benefit plan other than a defined contribution plan. The net retirement obligation recognized in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the defined benefit obligation expected at the date of the consolidated financial statements. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Remeasurements, comprising actuarial gains and losses, are recognized in other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income will not be reclassified to profit or loss in subsequent periods.

6-16 Revenue recognition

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

Step 1: Identify the contract(s) with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the specific terms of each contract that must be met.

Step 2: Identify the performance obligation(s) in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

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

Step 4: Allocate the transaction price to the performance obligations in the contract: For contracts that include more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that reflects the consideration expected to be entitled in exchange for satisfying each performance obligation.

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

Revenue from sale of software licenses and computer programs

Revenue from software licenses and computer programs is recognized when control of the software licenses is transferred to the customer. Accordingly, revenue from the sale of software licenses is recognized at a point in time.

Revenue from software license support and maintenance

The Group provides software installation services and other support and maintenance services for specialized business operations. Revenue from software license support is recognized over time.

E-commerce transaction revenue

E-commerce transaction revenue represents fees and commissions earned by the Group for providing electronic payment processing services and facilitating collection and transfer transactions on behalf of merchants. Revenue is recognized upon completion of the electronic transaction and when the related service is rendered.

Database subscription revenue

The Group provides database subscription services along with related hosting services. Revenue from database subscriptions and associated services is recognized over time throughout the subscription period.

Revenue from government entities

The Group provides managed services for the operation of government entities. Revenue from managed services with government entities is recognized over time.

Other revenue

Other revenue is recognized when earned.

6. Material accounting policy information (Continued)

6-16 Revenue recognition (Continued)

Contract liabilities

Contract liabilities are recognized when a payment is received in advance, or when payment becomes due (whichever is earlier) from the customer before the Group transfers the related services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

6-17 Expenses

Expenses are recognized when incurred on an accrual basis. Expenses are classified as follows:

- a) Cost of revenue: This category includes costs directly related to the healthcare services provided to customers that generate recognized revenue.
- b) Selling and marketing: This represents the Group's efforts to promote and market medical treatment services.
- c) General and administrative: All expenses, other than direct costs, are classified as general and administrative expenses.

Allocation between cost of revenue, selling and marketing expenses, and general and administrative expenses is made, when necessary, on a consistent basis.

6-18 Earnings per share

The Group presents basic and diluted loss per share (if any) for ordinary shares. Basic loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for the number of ordinary shares repurchased or issued during the year. Diluted earnings per share is adjusted by the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of shares outstanding during the year, taking into account the effect of all ordinary shares that are potentially issuable.

6-19 Leases

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

a) The Group as lessee

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

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

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

Lease liabilities

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

6. Material accounting policy information (Continued)

6-19 Leases (Continued)

Lease liabilities (Continued)

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

6-20 Borrowing costs

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

6-21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

6-21-1 Financial assets

The Group's financial assets include bank balances, trade receivables, and other debit balances. The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model.

The Group classifies its financial assets into the following categories:

Classification:

- Financial assets at amortized cost.

Trade receivables are initially recognized at the transaction price. Trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price as defined under IFRS 15. Where a significant financing component exists, trade receivables are recognized at fair value through profit or loss, net of transaction costs.

Initial measurement

Trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price as defined under IFRS 15.

Subsequent measurement

Financial assets at amortized cost

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

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income is recognized as part of finance income in profit or loss in the statement of comprehensive income. Gains and losses are recognized in profit or loss in the statement of comprehensive income when the asset is derecognized, modified, or impaired.

6. Material accounting policy information (Continued)

6-21 Financial instruments (Continued)

6-21-1 Financial assets (Continued)

Derecognition

Financial assets (or, where applicable, a part thereof or a group of similar financial assets) are primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either:
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group considers the probability of default at initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis at each reporting date. To determine whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on the asset at the reporting date with the risk of default at initial recognition. The Group also considers reasonable and supportable forward-looking information.

For trade receivables and contract assets, the Group recognizes expected credit losses using the simplified approach under IFRS 9. The simplified approach does not require the Group to track changes in credit risk; instead, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from initial recognition of trade receivables. The Group recognizes allowances based on historical credit losses, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset to be in default when contractual payments are overdue by 90 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to recover the outstanding contractual amounts in full, before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

6-21-2 Financial liabilities

The Group's financial liabilities include lease liabilities, trade payables, accrued expenses, short-term and long-term credit facilities, and amounts due to related parties.

Initial measurement

At initial recognition, financial liabilities are measured at fair value, plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial liability.

Subsequent measurement

After initial recognition, all financial liabilities, including short-term facilities from various financial institutions, are measured at amortized cost. For long-term interest-bearing facilities, the effective interest method is applied.

6. Material accounting policy information (Continued)

6-21 Financial instruments (Continued)

6-21-2 Financial liabilities(Continued)

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

6-22 Subsequent events

The consolidated financial statements are adjusted for events occurring after the reporting date that require adjustment to the consolidated financial statements, while events occurring after the reporting date that do not require adjustment are disclosed.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "SAR" unless otherwise stated)

7. Property, plant and equipment

	31 December 2025								
	Lands*	Buildings*	Vehicles	Office supplies and computers	Furniture and fixtures	Tools and equipment	Leasehold improvements	Project under construction*	Total
Cost									
As at 1 January 2025	19,791,558	43,108,441	1,531,240	2,854,910	2,058,415	84,610	457,188	2,175,839	72,062,201
Additions during the year	-	259,163	-	61,961	2,300	-	-	-	323,424
Disposals during the year	-	-	(39,528)	-	-	-	-	-	(39,528)
Balance as at 31 December 2025	19,791,558	43,367,604	1,491,712	2,916,871	2,060,715	84,610	457,188	2,175,839	72,346,097
Accumulated depreciation									
As at 1 January 2025	-	45,877	1,531,240	1,867,017	1,471,774	84,609	457,188	-	5,457,705
Charge for the year	-	1,301,028	-	143,755	81,637	-	-	-	1,526,420
Disposals during the year	-	-	(39,528)	-	-	-	-	-	(39,528)
Balance as at 31 December 2025	-	1,346,905	1,491,712	2,010,772	1,553,411	84,609	457,188	-	6,944,597
Net Book Value									
As at 31 December 2024	19,791,558	43,062,564	-	987,893	586,641	1	-	2,175,839	66,604,496
As at 31 December 2025	19,791,558	42,020,699	-	906,099	507,304	1	-	2,175,839	65,401,500

Property, plant and equipment include project under construction amounting to SAR 2,175,839, which represents costs incurred for preparing infrastructure and installing units related to the establishment of a cloud services unit for a subsidiary, "Era Data for Information Technology Company".

*Arab Sea Information System Company acquired an office tower to serve as the headquarters for the Company and its subsidiaries, along with the land on which it is built, located in Al-Sahafa District, north of Riyadh. The tower consists of 23 floors and was purchased from Mr. Mohammed Saleh Mohammed Al-Suhaibani (a shareholder) for SAR 59 million, excluding real estate transaction tax. The amount is payable over ten years in equal annual installments starting from January 2025. The title deed transfer procedures for the tower were completed on 16 December 2024. The Company paid real estate transaction tax amounting to SAR 2.95 million, which was capitalized as part of the cost of the tower.

As at 31 December 2025, the net book value of fully depreciated assets still in use amounted to SAR 4,769,728 (31 December 2024: SAR 4,769,728).

The Group has entered into a loan agreement with a local bank, under which the Group's office tower has been pledged as collateral in favor of the bank (Note 18).

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

7. Property, plant and equipment (Continued)

	31 December 2024								
	Lands*	Buildings*	Vehicles	Office supplies and computers	Furniture and fixtures	Tools and equipment	Leasehold improvements	Project under construction*	Total
Cost									
As at 1 January 2024	-	-	1,789,469	2,782,027	2,042,898	84,610	457,188	2,175,839	9,332,031
Additions during the year	19,791,558	43,108,441	-	72,883	15,517	-	-	-	62,988,399
Disposals during the year	-	-	(258,229)	-	-	-	-	-	(258,229)
Balance as at 31 December 2024	19,791,558	43,108,441	1,531,240	2,854,910	2,058,415	84,610	457,188	2,175,839	72,062,201
Accumulated depreciation									
As at 1 January 2024	-	-	1,789,469	1,732,819	1,390,083	84,609	457,188	-	5,454,168
Charge for the year	-	45,877	-	134,198	81,691	-	-	-	261,766
Disposals during the year	-	-	(258,229)	-	-	-	-	-	(258,229)
Balance as at 31 December 2024	-	45,877	1,531,240	1,867,017	1,471,774	84,609	457,188	-	5,457,705
Net Book Value									
As at 31 December 2023	-	-	-	1,049,208	652,815	1	-	2,175,839	3,877,863
As at 31 December 2024	19,791,558	43,062,564	-	987,893	586,641	1	-	2,175,839	66,604,496

Depreciation expense was allocated as follows:

	2025	2024
General and administrative expenses (Note 25)	1,526,420	261,766
	1,526,420	261,766

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "SAR" unless otherwise stated)

8. Intangible assets

	Software and applications		
	31 December 2025	31 December 2024 Restated (Note 33)	1 January 2024
Cost:			
Balance at the beginning of the year	275,631,067	262,202,246	250,873,466
Additions during the year – internally developed	13,983,774	13,428,821	11,328,780
Balance at the end of the year	289,614,841	275,631,067	262,202,246
Accumulated amortization:			
Balance at the beginning of the year	158,862,317	136,829,851	124,264,255
Charge during the year	13,601,779	13,872,962	12,565,596
Impairment losses on intangible assets	4,535,619	8,159,504	-
Balance at the end of the year	176,999,715	158,862,317	136,829,851
Net carrying amount as at 31 December	112,615,126	116,768,750	125,372,395

During 2025, the management of the subsidiary “Arab Sea Financial Company” conducted an impairment test related to intangible assets. As a result of this assessment, an impairment loss of SAR 4.54 million was recognized (2024: SAR 4.53 million).

Cash-generating unit – SMACC 5 software

The recoverable amount of the cash-generating unit (CGU) for SMACC 5 software was determined at SAR 0.17 million as at 31 December 2025 (31 December 2024: SAR 0.16 million), based on a value-in-use calculation using cash flow projections derived from financial budgets approved by senior management covering a two-year period. The projected cash flows have been updated to reflect the decline in demand for the product. The discount rate applied to the cash flow projections from 12% to 13% (2024: from 12% to 13%). Based on this assessment, management recognized an impairment loss of SAR 3.63 million during the comparative year. The impairment loss was recorded in the consolidated statement of profit or loss and other comprehensive income.

Cash-generating unit – SMACC 6 and SMACC 7 software

The recoverable amount of the cash-generating unit (CGU) for SMACC 6 and SMACC 7 software determined at SAR 117.6 million as at 31 December 2025 (31 December 2024: SAR 98.4 million), based on a value-in-use calculation using cash flow projections derived from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections from 13% to 15% (2024: from 13% to 15%). The average growth rate applied was 5% over a five-year period for SMACC 6 and 75% over a five-year period for SMACC 7, after which the growth rate declines to the end of the cash-generating unit’s useful life. Based on this assessment, it was determined that the value in use exceeds the carrying amount of the cash-generating unit, and therefore no impairment loss was recognized during the current year or the comparative year.

Cash-generating unit – GIC software

The recoverable amount of the cash-generating unit (CGU) for GIC software was determined at SAR 41.8 million as at 31 December 2025 (31 December 2024: SAR 38.4 million), based on a value-in-use calculation using cash flow projections derived from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections from 13% to 14% (2024: from 14% to 15%). The average growth rate applied was 10% over a five-year period, after which the growth rate declines to the end of the cash-generating unit’s useful life. Based on this assessment, it was determined that the value in use exceeds the carrying amount of the cash-generating unit, and therefore no impairment loss was recognized during the current year or the comparative year.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

8. Intangible assets (Continued)

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and the individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is determined based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is determined based on the expected return on investment by the Group's investors, while the cost of debt is based on the interest-bearing borrowings that the Group is obligated to service.

9. Right-of-use assets and lease liabilities

Right-of-use assets

The Group's lease contracts consist of office leases for a period of 3 years. The Group also has short-term lease contracts and does not have low-value lease contracts.

The following is the carrying amount of the recognized right-of-use assets and the movement as at:

	<u>31 December 2025</u>	<u>31 December 2024 Restated (Note 33)</u>	<u>1 January 2024 Restated (Note 33)</u>
Right-of-use assets			
Cost:			
Balance at the beginning of the year	1,768,277	1,768,277	-
Additions during the year	<u>111,056</u>	<u>-</u>	<u>1,768,277</u>
Balance at the end of the year	<u>1,879,333</u>	<u>1,768,277</u>	<u>1,768,277</u>
Accumulated depreciation of right-of-use assets:			
Balance at the beginning of the year	1,136,227	349,920	-
Charge for the year	<u>605,267</u>	<u>786,307</u>	<u>349,920</u>
Balance at the end of the year	<u>1,741,494</u>	<u>1,136,227</u>	<u>349,920</u>
Net book value	<u>137,839</u>	<u>632,050</u>	<u>1,418,357</u>

Lease liabilities

The following is the carrying amount of the recognized lease liabilities and the movement as at:

	<u>31 December 2025</u>	<u>31 December 2024 Restated (Note 33)</u>	<u>1 January 2024 Restated (Note 33)</u>
Balance at the beginning of the year	518,008	1,298,167	-
Additions during the year	111,056	-	1,768,277
Interest expense charged during the year (Note 28)	15,274	80,941	60,990
Payments made during the year	<u>(561,100)</u>	<u>(861,100)</u>	<u>(531,100)</u>
Balance at the end of the year	<u>83,238</u>	<u>518,008</u>	<u>1,298,167</u>
	<u>31 December 2025</u>	<u>31 December 2024 Restated (Note 33)</u>	<u>1 January 2024 Restated (Note 33)</u>
Current	54,169	504,638	780,159
Non-current	<u>29,069</u>	<u>13,370</u>	<u>518,008</u>
Balance at the end of the year	<u>83,238</u>	<u>518,008</u>	<u>1,298,167</u>

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income

	<u>31 December 2025</u>	<u>31 December 2024</u>
Depreciation of right-of-use assets (note 25,26)	605,267	786,307
Interest expense on lease liabilities (note 28)	15,274	80,941

10. Inventories

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Computer devices and accessories held for sale	1,528,406	1,549,561	1,572,926
Less: provision of slow-moving inventory	<u>(1,403,612)</u>	<u>(750,000)</u>	<u>(300,000)</u>
	<u>124,794</u>	<u>799,561</u>	<u>1,272,926</u>

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

10. Inventories (Continued)

The movement in the provision of slow-moving inventory is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Balance at the beginning of the year	750,000	300,000	-
Charged during the year (note 24)	<u>653,612</u>	<u>450,000</u>	<u>300,000</u>
Balance at the end of the year	<u>1,403,612</u>	<u>750,000</u>	<u>300,000</u>

11. Trade receivables

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Trade receivables	42,881,429	35,426,000	35,017,752
Less: expected credit losses provision on trade receivables	<u>(28,757,423)</u>	<u>(25,413,768)</u>	<u>(22,196,072)</u>
	<u>14,124,006</u>	<u>10,012,232</u>	<u>12,821,680</u>

Trade receivables include the net amounts due from customers. Based on past experience, all trade receivable balances that are not impaired are expected to be collectible.

Trade receivables are due within a period ranging from 30 to 90 days. The carrying amount of trade receivables is affected by changes in the credit rating of counterparties.

The movement in expected credit losses provision is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Balance at the beginning of the year	25,413,768	22,196,072	18,296,072
Charge during the year	<u>3,343,655</u>	<u>3,217,696</u>	<u>3,900,000</u>
Balance at the end of the year	<u>28,757,423</u>	<u>25,413,768</u>	<u>22,196,072</u>

The following are the provision rates used for expected credit losses on trade receivables as at 31 December:

Provision for expected credit losses	Total	91–180 days					More than one year
		0–90 days	181–270 days	271–360 days	361–450 days	451–540 days	
2025	28,757,423	1,979,560	1,471,193	368,139	327,912	24,610,619	
2024	25,413,768	889,322	594,181	200,206	1,094,787	22,635,272	
2023	22,196,072	334,042	146,140	103,782	80,160	21,531,948	
Total trade receivables	Total	91–180 days					More than one year
2025	42,881,429	14,664,298	1,797,948	430,480	346,371	25,642,332	
2024	35,426,000	9,248,219	895,498	237,713	1,147,601	23,896,969	
2023	35,017,752	10,270,847	1,195,124	246,038	881,852	22,423,891	
Weighted average credit loss rate	Total	91–180 days					More than one year
2025	67%	13%	82%	86%	95%	96%	
2024	72%	10%	66%	84%	95%	95%	
2023	63%	3%	12%	42%	9%	96%	

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "SAR" unless otherwise stated)

12. Prepayments and other current assets

	31 December 2025	31 December 2024 Restated (Note 33)	1 January 2024 Restated (Note 33)
Advances to suppliers	773,923	385,150	105,391
Value added tax	743,569	620,070	-
Employees' advances and receivables	738,840	591,213	381,955
Letter of guarantee insurance	632,868	400,590	1,079,664
Prepaid expenses	355,284	52,167	189,046
Others	40,737	28,027	120,806
	3,285,221	2,077,217	1,876,862

13. Cash and cash equivalents

	31 December 2025	31 December 2024	1 January 2024
Cash at banks	5,310,655	3,324,230	3,597,126
Cash on hand	144,172	53,099	73,630
	5,454,827	3,377,329	3,670,756

At each reporting date, all bank balances are assessed as having low credit risk, as they are held with reputable financial institutions with strong credit ratings, and there has been no history of default on any of the Company's bank balances. Accordingly, the probability of default, considering forward-looking factors, and any loss in the event of default are considered to be insignificant.

Cash and cash equivalents include a bank account held with Bank of Alexandria in the Arab Republic of Egypt, denominated in Egyptian pounds. Management has not recognized expected credit losses on this balance, as it is considered immaterial as at the reporting date. Accordingly, no allowance for expected credit losses has been recorded in respect of this account.

14. Share capital

The Company's share capital amounts to SAR 100 million, consisting of 100 million shares with a nominal value of SAR 1 per share as at 31 December 2025 (31 December 2024: SAR 100 million, consisting of 100 million shares with a nominal value of SAR 1 per share).

15. Additional contributions

Additional contributions from shareholders represent measurement differences arising from transactions with shareholders in their capacity as owners. These contributions include the difference between the present value of a long-term liability due to shareholders and the total future payments of that liability, amounting to SAR 22,644,213, in addition to the difference between the fair value of an asset (the tower) recognized under property, plant and equipment and the cost of the asset, represented by the total future contractual payments plus non-recoverable taxes, amounting to SAR 760,317. These differences have been recognized within equity as additional contributions from shareholders.

16. Employees' post-employment benefits

General description

The labor law provides for post-employment benefits to all employees who complete a qualifying period of service and are entitled to receive the amounts stipulated under the labor law for each year of such service. The annual provision is based on an actuarial valuation. The valuation was carried out as at 31 December 2025, 31 December 2024, and 1 January 2024 by an independent actuary using the projected unit credit method.

The key assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2025	31 December 2024	1 January 2024
Discount rate	5.5%	5.5%	5.25%
Salary increase rate	2%	2%	2%

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

16. Employees' post-employment benefits (Continued)

The movement in defined employee benefits obligations:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Present value at the beginning of the year	6,061,906	5,619,039	5,197,408
Current service cost	1,344,816	790,343	888,209
Interest expense (note 28)	317,146	266,815	206,387
Actuarial losses/(gains) through other comprehensive income	109,151	(377,664)	(531,943)
Payments made during the year	(668,862)	(236,627)	(141,022)
Present value at the end of the year	<u>7,164,157</u>	<u>6,061,906</u>	<u>5,619,039</u>

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes in the relevant assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the obligation, while a negative amount represents a decrease in the obligation.

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Increase in discount rate by 1%	6,463,980	6,209,789	5,140,348
Decrease in discount rate by 1%	7,595,550	7,464,600	6,177,498
Increase in salary growth rate by 1%	7,610,398	7,483,348	6,186,158
Decrease in salary growth rate by 1%	6,441,626	6,181,505	5,125,985

17. Long -term liability due to a shareholder

	<u>31 December 2025</u>	<u>31 December 2024</u> Restated (Note 33)	<u>1 January 2024</u>
Loan from a shareholder against the office tower and the land on which it is built	59,000,000	59,000,000	-
Loan from a shareholder to finance the Company's operations	6,000,000	6,000,000	-
Present value difference*	(21,816,474)	(22,537,259)	-
	<u>43,183,526</u>	<u>42,462,741</u>	<u>-</u>

*The movement in the present value difference is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u> Restated (Note 33)	<u>1 January 2024</u>
Balance at the beginning of the year	(22,537,259)	-	-
Difference arising from present value calculation for the year	-	(22,644,213)	-
Interest charged during the year (note 28)	720,785	106,954	-
Balance at the end of the year	<u>(21,816,474)</u>	<u>(22,537,259)</u>	<u>-</u>

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "R" unless otherwise stated)

17. Long-term liability due to a shareholder (Continued)

	<u>31 December 2025</u>	<u>31 December 2024</u> Restated (Note 33)	<u>1 January 2024</u>
Classified as follows:			
Current portion of long-term liability due to a shareholder	15,020,252	7,552,802	-
Non-current portion of long-term liability due to a shareholder	28,163,274	34,909,939	-
	<u>43,183,526</u>	<u>42,462,741</u>	<u>-</u>

18. Bank facilities

On 9 July 2025, the Group entered into a credit facility agreement with a local bank, which includes Tawarruq financing facilities for a period of 5 years, repayable in 60 monthly instalments, with the final instalment due on 4 August 2030. The credit limit granted by the bank amounts to SAR 15,100,000, with a profit margin of SAIBOR + 5% per annum.

The guarantees provided to the bank consist of a promissory note issued by the Group in favour of the bank amounting to SAR 30,157,853, and a mortgage over real estate.

Purpose:

The Company obtained the facility for project setup and commercial purposes.

Covenants:

There are no banking covenants associated with the credit facility.

The following is a movement analysis of the loans during the period, which are due for repayment for the year ended:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Balance at the beginning of the year	-	-	-
Proceeds during the year	15,100,000	-	-
Repayments during the year	(806,906)	-	-
Interest paid during the year	(454,603)	-	-
Finance costs charged during the year (note 28)	552,582	-	-
Balance at the end of the year	<u>14,391,073</u>	<u>-</u>	<u>-</u>

The current and non-current portions of bank facilities are presented as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Bank facilities – current portion	3,784,528	-	-
Bank facilities – non-current portion	10,606,545	-	-
Balance at the end of the year	<u>14,391,073</u>	<u>-</u>	<u>-</u>

19. Contract liabilities

Contract liabilities represent advance payments received from customers for maintenance and technical support contracts and database subscriptions, for which the related services have not yet been provided as at the date of the consolidated statement of financial position.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "AED" unless otherwise stated)

20. Related party transactions and balances

Related parties represent major shareholders, members of the board of directors, and senior executive management of the group, as well as companies in which they are major owners. the pricing and terms related to these transactions are approved by the group's management.

Due to related parties:

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Related parties with board member	<u>3,067,499</u>	<u>3,142,894</u>	<u>3,982,969</u>
	<u>3,067,499</u>	<u>3,142,894</u>	<u>3,982,969</u>

The transactions with related parties are as follows:

	<u>Type of transaction</u>	<u>2025</u>	<u>2024</u>
Related parties with board member	Expenses Paid on Behalf	75,395	840,075
	Transferred to long-term liabilities	-	1,670,000

Transactions with key management personnel

Compensation of the Group's key management personnel includes salaries, non-cash benefits, and contributions to long-term employee benefits.

Compensation and benefits of key management personnel include the following:

	<u>2025</u>	<u>2024</u>
Salaries and benefits of executives	3,205,218	2,574,691
Board and committee members' benefits	1,441,875	513,200
Board and committee meeting attendance allowances	365,500	323,500
	<u>5,012,593</u>	<u>3,411,391</u>

21. Accrued expenses and other current liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Deferred value added tax*	6,252,327	2,398,735	-
Employees' payables and accruals	2,839,512	2,390,523	1,908,634
Value added tax payable	2,213,253	3,123,607	1,783,271
Accrued vacations	1,988,101	1,309,710	1,320,707
Accrued board of directors' remuneration	1,765,654	2,074,279	1,121,938
Accrued employee commissions	1,718,829	1,616,479	562,217
Accrued GOSI	735,116	729,233	190,779
Provision for legal cases	-	39,243	-
Others	2,565,138	847,770	691,017
	<u>20,077,930</u>	<u>14,538,579</u>	<u>7,578,563</u>

*Based on the installment plan agreed between Arab Sea Information System company and the Zakat, Tax and Customs Authority, it was agreed to settle this amount over twelve months starting from January 2026.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

22. Zakat provision

22-1 Zakat base

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Additions Items	162,709,937	165,962,546	166,143,232
Deduction items	<u>(183,823,756)</u>	<u>(184,005,296)</u>	<u>(148,991,000)</u>
Zakat base	<u>(21,113,819)</u>	<u>(18,042,750)</u>	<u>17,152,232</u>
Accrued Zakat	<u>-</u>	<u>-</u>	<u>726,312</u>

22-2 Movement of zakat provision

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Balance at the beginning of the year	133,895	971,601	957,328
Zakat assessments differences	-	145,051	73,577
Charge during the year	-	-	726,312
Payments during the year	<u>(62,198)</u>	<u>(722,688)</u>	<u>(785,616)</u>
Provisions no longer required	-	<u>(260,069)</u>	-
Balance at the end of the year	<u>71,697</u>	<u>133,895</u>	<u>971,601</u>

Arab Sea Information System Company has submitted its zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") up to the financial year ended 31 December 2024 and has settled the amounts due based on the submitted returns. The Company has obtained a valid certificate until 30 April 2026. The Company has also received a final assessment for the year 2023, which resulted in differences amounting to SAR 145,051. The year ended 31 December 2024 is currently under review by the Authority.

Zakat status of Arab Sea Financial Company: The subsidiary calculates zakat provision separately. The subsidiary has submitted its financial statements and zakat return for the year 2024 and obtained the certificate from the Authority. The Company has not received any zakat assessments to date.

Zakat status of Era Data Information Technology Company: The subsidiary calculates zakat provision separately. The subsidiary has submitted its financial statements and zakat return for the year 2024 and obtained the certificate from the Authority. The Company has not received any zakat assessments to date.

23. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from sale of software and hardware	25,530,375	26,000,862
Revenue from managed services for operating government entities	19,946,997	7,349,506
Revenue from maintenance and technical support services	4,136,226	5,293,462
Revenue from database subscription	3,263,567	2,534,579
E-Commerce Operations Revenues	99,292	123,907
	<u>52,976,457</u>	<u>41,302,316</u>

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

23. Revenue (Continued)

The details of the Group's revenue from contracts are set out below according to the type of service and the timing of revenue recognition:

	<u>2025</u>	<u>2024</u>
Timing of revenue recognition		
At a point in time:		
Revenue from sale of software and hardware	25,530,375	26,000,862
E-Commerce operations revenues	99,292	123,907
Over time:		
Revenue from maintenance and technical support services	4,136,226	5,293,462
Revenue from database subscriptions	3,263,567	2,534,579
Revenue from managed services for operating government entities	19,946,997	7,349,506
Total	<u><u>52,976,457</u></u>	<u><u>41,302,316</u></u>

24. Cost of revenue

	<u>2025</u>	<u>2024</u>
Amortization of intangible assets (note 8)	13,601,779	13,872,962
Salaries and wages and other benefits	7,136,710	7,904,860
Cloud server services cost	1,825,356	1,850,665
Provision for slow-moving inventory expenses (note 10)	653,612	450,000
Cost of computer devices and accessories	468,816	636,423
Others	1,729,923	1,057,673
	<u><u>25,416,196</u></u>	<u><u>25,772,583</u></u>

25. General and administrative expenses

	<u>2025</u>	<u>2024</u>
Salaries and wages and other benefits	15,121,932	10,615,379
Professional consultancy fees	2,997,609	1,561,496
Board of directors and committees' remuneration	1,807,375	836,700
Depreciation of property, plant and equipment (note 7)	1,526,420	261,766
Medical insurance and treatment	1,254,167	664,827
Bank charges	783,591	417,735
Residency and visas	397,862	161,838
Depreciation of right-of-use assets (note 9)	370,925	556,390
Short-term lease rentals	168,333	-
Government fees	150,278	149,107
Internet and communication expenses	86,505	84,798
Cybersecurity risk expenses	59,710	42,872
Car repairs and general maintenance	43,117	29,112
Others	2,098,171	1,289,549
	<u><u>26,865,995</u></u>	<u><u>16,671,569</u></u>

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

26. Selling and marketing expenses

	<u>2025</u>	<u>2024</u>
Salaries and wages and other benefits	5,095,187	5,022,727
Commissions	2,990,796	3,688,567
Advertising expenses	2,543,993	1,732,399
Depreciation of right-of-use assets (Note 9)	234,342	229,917
Others	631,084	570,396
	<u>11,495,402</u>	<u>11,244,006</u>

27. Other income

	<u>2025</u>	<u>2024</u>
Ministry of finance support	599,305	166,694
IT support from the Ministry of Communications	40,140	259,998
Gains on disposal of property, plant and equipment	20,200	73,340
Others	6,577	-
	<u>666,222</u>	<u>500,032</u>

28. Finance costs

	<u>2025</u>	<u>2024</u>
Interest on long-term liability due to a shareholder (note 17)	720,785	106,954
Interest on credit facilities (note 18)	552,582	-
Interest on employee benefits obligations (note 16)	317,146	266,815
Interest on lease liabilities (note 9)	15,274	80,941
	<u>1,605,787</u>	<u>454,710</u>

29. Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding as at the end of the year. The Company has no potential dilutive shares. Accordingly, diluted loss per share is equal to basic loss per share. The table below reflects the loss and share data used in the calculation of basic and diluted loss per share:

	<u>2025</u>	<u>2024</u>
Loss for the year	(19,619,975)	(23,602,702)
Weighted average number of outstanding shares	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted loss per share	<u>(0.20)</u>	<u>(0.24)</u>

30. Segment information

The Group's principal activities consist of segments including the provision of managed services for operating government entities, sale of software and hardware, and other services. The following presents selected financial information as at 31 December 2025 and 31 December 2024 for each business segment.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

30.Segment information (Continued)

2025	Revenue from managed services for operating government entities	Revenue from sale of software and hardware	Others	Total
Revenue	19,946,997	25,530,375	7,499,085	52,976,457
Cost of revenue	(9,569,851)	(12,248,554)	(3,597,791)	(25,416,196)
Gross profit	10,377,146	13,281,821	3,901,294	27,560,261
Finance costs	(604,620)	(773,860)	(227,307)	(1,605,787)
Net profit	(7,387,425)	(9,455,244)	(2,777,306)	(19,619,975)
Depreciation of property, plant and equipment	574,736	735,611	216,073	1,526,420
Amortization of intangible assets	4,775,412	7,854,627	971,740	13,601,779
Depreciation of right-of-use assets	227,899	291,690	85,678	605,267
Total assets	57,933,704	130,677,997	12,531,612	201,143,313
Total liabilities	36,106,972	46,213,700	13,574,436	95,895,108

Revenue is summarized by geographical regions as follows:

2025	Revenue from managed services for operating government entities	Revenue from sale of software and hardware	Others	Total
Within Saudi Arabia	19,946,997	23,795,426	7,499,085	51,241,508
Outside Saudi Arabia	-	1,734,949	-	1,734,949
	19,946,997	25,530,375	7,499,085	52,976,457

2024	Revenue from managed services for operating government entities	Revenue from sale of software and hardware	Others	Total
Revenue	7,349,506	26,000,862	7,951,948	41,302,316
Cost of revenue	(4,586,081)	(16,224,499)	(4,962,003)	(25,772,583)
Gross profit	2,763,425	9,776,363	2,989,945	15,529,733
Finance costs	(80,913)	(286,252)	(87,545)	(454,710)
Net profit	(4,199,963)	(14,858,503)	(4,544,236)	(23,602,702)
Depreciation of property, plant and equipment	46,580	164,788	50,398	261,766
Amortization of intangible assets	2,780,246	10,373,416	719,300	13,872,962
Depreciation of right-of-use assets	139,919	495,000	151,388	786,307
Total assets	44,234,831	135,735,593	20,301,211	200,271,635
Total liabilities	13,398,182	47,399,686	14,496,436	75,294,304

Revenue is summarized by geographical regions as follows:

2024	Revenue from managed services for operating government entities	Revenue from sale of software and hardware	Others	Total
Within Saudi Arabia	7,349,506	25,144,538	7,951,948	40,445,992
Outside Saudi Arabia	-	856,324	-	856,324
	7,349,506	26,000,862	7,951,948	41,302,316

31. Capital commitments and contingent liabilities

The Group has contingent liabilities relating to bank guarantees issued in the ordinary course of business amounting to SAR 4.8 million as at 31 December 2025 (31 December 2024: SAR 2.1 million).

The Group has no capital commitments as at 31 December 2025.

32. Financial instruments and risk management

The Group's financial instruments consist of cash at bank, trade receivables, other receivables, credit facilities, lease liabilities, trade payables, accrued expenses and other payables, and amounts due to related parties.

Fair value is the amount 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 in the principal market of the asset or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects the risk of non-performance.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are classified into different levels within the fair value hierarchy based on the inputs used in valuation techniques, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2025, 31 December 2024, and 1 January 2024, all of the Group's financial assets are measured at amortized cost, which approximates their fair value. Furthermore, all of the Group's financial liabilities are measured at amortized cost and their carrying amounts are considered to approximate their fair values.

32-1 Risk management

Senior management of the Group has overall responsibility for establishing and overseeing the Group's risk management framework.

The Group's risk management policies are established to identify and analyze 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. Through its standards, procedures, and training programs, the Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's management 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 Group is exposed to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

32-1-1 Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Group is exposed to two types of market risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include short-term borrowings and trade payables denominated in foreign currency. There have been no changes in these conditions compared to the previous year.

32. Financial instruments and risk management (Continued)

32-1 Risk management (Continued)

32-1-1 Market risk (Continued)

Interest rate risk

Interest rate risk represents the risk arising from fluctuations in the value of financial instruments due to changes in prevailing market interest rates. The Group is exposed to interest rate risk on its borrowings.

Foreign currency risk

Foreign currency risk represents the risk arising from fluctuations in the value of a financial instrument due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates (US Dollar, Egyptian Pound, and UAE Dirham) and believes that the Group is not exposed to significant currency risk. The effect of reasonably possible changes in exchange rates on the Group's net profit before zakat is not considered material.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group does not hold any financial instruments subject to other price risks. The Group's exposure to price risk is not significant in these financial statements.

32-1-2 Credit risk

Credit risk represents the risks that a counterparty will fail to meet its obligations under a financial instrument or customer contract, resulting in a financial loss.

The following is the maximum exposure of the Group to credit risk as at the date of preparing the financial statements:

	<u>2025</u>	<u>2024</u>
Trade receivables	42,881,429	35,426,000
Cash at banks	5,310,655	3,324,230
	<u>48,192,084</u>	<u>38,750,230</u>

The carrying amount of financial assets represents the maximum exposure to credit risk.

a) Cash and cash equivalents

Credit risk arising from balances with banks is managed by the Group's management in accordance with the Group's policy and is considered limited, as the bank balances are held with banks having good credit ratings.

b) Trade receivables

The average credit period granted is 90 days. No interest is charged on outstanding trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Provision rates are determined based on days past due for different customer segments that have similar loss patterns. The calculation reflects probability-weighted outcomes, the time value of money, and reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets. The Group does not hold any collateral against trade receivables.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

32. Financial instruments and risk management (Continued)

32-1 Risk management (Continued)

32-1-3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in obtaining the necessary funding to meet obligations associated with financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summarizes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows.

Cash flow forecasting is performed by management, which monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational needs while maintaining adequate headroom on unutilized borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. This forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal ratio targets.

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted contractual payments:

31 December 2025	Carrying amount	From 3 months to 1 year	1 to 5 years	More than 5 years
Bank facilities	14,391,073	3,784,528	10,606,545	-
Long-term liability due to a shareholder	65,000,000	18,750,000	22,650,000	23,600,000
Due to related parties	3,067,499	3,067,499	-	-
Accrued expenses and other current liabilities	20,077,930	20,077,930	-	-
Lease liabilities	90,000	60,000	30,000	-
Trade payables	2,209,883	2,209,883	-	-
Total	104,836,385	47,949,840	33,286,545	23,600,000
31 December 2024	Carrying amount	From 3 months to 1 year	1 to 5 years	More than 5 years
Long-term liability due to a shareholder	65,000,000	7,900,000	33,500,000	23,600,000
Due to related parties	3,142,894	3,142,894	-	-
Accrued expenses and other current liabilities	14,538,579	14,538,579	-	-
Lease liabilities	561,100	561,100	-	-
Trade payables	2,050,902	2,050,902	-	-
Total	85,293,475	28,193,475	33,500,000	23,600,000

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

32. Financial instruments and risk management (Continued)

32-1 Risk management (Continued)

32-1-3 Liquidity risk (Continued)

1 January 2024	Carrying amount	From 3 months to 1 year	1 to 5 years	More than 5 years
Accrued expenses and other current liabilities	7,578,563	7,578,563	-	-
Due to related parties	3,982,969	3,982,969	-	-
Lease liabilities	1,422,200	861,100	561,100	-
Trade payables	2,122,771	2,122,771	-	-
Total	15,106,503	14,545,403	561,100	-

32-3 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities as shown in the statement of financial position, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position.

The ratio of liabilities to equity was as follows:

	2025	2024
Total liabilities	95,895,108	75,294,304
Total equity attributable to the Company's shareholders	105,248,205	124,977,331
Net debt to equity ratio	91.1%	60.2%

33. Restatement of prior year

During the year, management reassessed the accounting treatment and presentation of certain transactions and balances recorded in the Group's consolidated financial statements to determine whether these transactions and balances had been properly accounted for and presented in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. This process resulted in adjustments to certain items in the Group's consolidated financial statements.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

33. Restatement of prior years (Continued)

33-1 Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 resulting from the restatement is as follows:

	Note	As previously reported	Impact of restatement	As restated
Revenue	33-10	43,308,196	(2,005,880)	41,302,316
Cost of revenue		(25,772,583)	-	(25,772,583)
Gross profit		17,535,613	(2,005,880)	15,529,733
General and administrative expenses	33-4 33-8	(16,572,680)	(98,889)	(16,671,569)
Selling and marketing expenses	33-4	(11,267,359)	23,353	(11,244,006)
Impairment of intangible assets	33-9	(4,526,154)	(3,633,350)	(8,159,504)
Expected Credit Loss provision on trade receivables		(3,217,696)	-	(3,217,696)
Operating loss		(18,048,276)	(5,714,766)	(23,763,042)
Other income		500,032	-	500,032
Provisions no longer required		260,069	-	260,069
Finance costs	33-4 33-7	(266,815)	(187,895)	(454,710)
Loss for the year before zakat		(17,554,990)	(5,902,661)	(23,457,651)
Zakat		(145,051)	-	(145,051)
Loss for the year		(17,700,041)	(5,902,661)	(23,602,702)
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of employees' defined benefit obligations		377,664	-	377,664
Total other comprehensive income for the year`		377,664	-	377,664
Total comprehensive loss for the year		(17,322,377)	(5,902,661)	(23,225,038)
Loss per share				
Basic and diluted loss per share attributable to ordinary equity holders of the company		(0.18)	(0.06)	(0.24)

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

33. Restatement of prior years (Continued)

33-2 Impact on the consolidated statement of financial position as at 1 January 2024 as a result of the restatement is as follows:

	Note	As previously reported	Impact of restatement	As restated
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment, net		3,877,863	-	3,877,863
Intangible assets		125,372,395	-	125,372,395
Right of use assets	33-4	-	1,418,357	1,418,357
Total non-current assets		129,250,258	1,418,357	130,668,615
Current assets				
Inventory		1,272,926	-	1,272,926
Trade receivables		12,821,680	-	12,821,680
Prepayments and other current assets	33-4	2,098,983	(222,121)	1,876,862
Cash and cash equivalents		3,670,756	-	3,670,756
Total current assets		19,864,345	(222,121)	19,642,224
Total assets		149,114,603	1,196,236	150,310,839
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital		100,000,000	-	100,000,000
Retained earnings	33-12	27,044,393	(2,246,554)	24,797,839
Total equity		127,044,393	(2,246,554)	124,797,839
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits		5,619,039	-	5,619,039
Lease liability – non-current portion	33-4	-	518,008	518,008
Total non-current liabilities		5,619,039	518,008	6,137,047
Current liabilities				
Contract liabilities	33-10	1,795,267	2,144,623	3,939,890
Lease liabilities – current portion	33-4	-	780,159	780,159
Trade payables		2,122,771	-	2,122,771
Due to related parties		3,982,969	-	3,982,969
Accrued expenses and other current liabilities		7,578,563	-	7,578,563
Zakat provision		971,601	-	971,601
Total current liabilities		16,451,171	2,924,782	19,375,953
Total liabilities		22,070,210	3,442,790	25,513,000
Total equity and liabilities		149,114,603	1,196,236	150,310,839

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "£" unless otherwise stated)

33 Restatement of prior years (Continued)

33-3 Impact on the consolidated statement of financial position as at 1 December 2024 as a result of the restatement is as follows:

	Note	As previously reported	Impact of restatement	As restated
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment	33-5	65,844,179	760,317	66,604,496
Intangible assets	33-9	120,402,100	(3,633,350)	116,768,750
Right of use assets	33-4	-	632,050	632,050
Total non-current assets		186,246,279	(2,240,983)	184,005,296
Current assets				
Inventory		799,561	-	799,561
Trade receivables		10,012,232	-	10,012,232
Prepayments and other current assets	33-4	2,307,167	(229,950)	2,077,217
Cash and cash equivalents		3,377,329	-	3,377,329
Total current assets		16,496,289	(229,950)	16,266,339
Total assets		202,742,568	(2,470,933)	200,271,635
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital		100,000,000	-	100,000,000
Additional contributions	33-6	12,136,625	11,267,905	23,404,530
Retained earnings	33-13	9,722,016	(8,149,215)	1,572,801
Total equity		121,858,641	3,118,690	124,977,331
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits		6,061,906	-	6,061,906
Non-current portion of long-term liability due to a shareholder	33-6	46,963,375	(12,053,436)	34,909,939
Lease liability – non-current portion	33-4	-	13,370	13,370
Total non-current liabilities		53,025,281	(12,040,066)	40,985,215
Current liabilities				
Contract liabilities	33-10	2,234,876	4,150,503	6,385,379
Current portion of long-term liability due to a shareholder	33-5 33-6	5,900,000	1,652,802	7,552,802
Lease liabilities – current portion	33-4	-	504,638	504,638
Trade payables		2,050,902	-	2,050,902
Due to related parties		3,142,894	-	3,142,894
Accrued expenses and other current liabilities		14,396,079	142,500	14,538,579
Zakat provision		133,895	-	133,895
Total current liabilities		27,858,646	6,450,443	34,309,089
Total liabilities		80,883,927	(5,589,623)	75,294,304
Total equity and liabilities		202,742,568	(2,470,933)	200,271,635

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

33 Restatement of prior years (Continued)

33-4 The Group's management had not applied IFRS 16 in prior periods, whereby lease expenses were recognized in the consolidated statement of profit or loss and other comprehensive income, and prepaid rent were recorded under prepaid expenses and other debit balances, without recognizing the right of use assets and the corresponding lease liabilities. This matter has been corrected by retrospectively applying the requirements of IFRS 16, whereby previously recorded rent expenses were reversed, prepaid rent were derecognized, and instead, right of use assets have been recognized along with the related depreciation. In addition, lease liabilities have been recorded, and the associated interest expenses were recognized in accordance with the standard's requirements. Accordingly, the applied accounting policy has been amended (Note 6–19).

33-5 During the previous year, the Group's management purchased an office tower from a major shareholder. The asset was initially recorded under property and equipment at the total value of the future contractual payments plus non-recoverable taxes, which differed from the asset's fair value at the acquisition date. As the transaction performed with a related party, the Group's management retrospectively adjusted the asset's value to its fair value at the acquisition date and recognized the difference as additional contributions from a shareholder in the consolidated statement of changes in equity, retrospectively.

33-6 During the previous year, the Group's management purchased an office tower from a major shareholder, with payment to be made over ten years in semi-annual instalments. At initial recognition, the liability was measured at its present value using the Saudi Interbank Offered Rate (SAIBOR), without applying the prevailing market interest rate for a similar financial instrument with a comparable credit rating. The Group's management recalculated the present value of the future payments using the prevailing market interest rate at the acquisition date that reflects the Group's credit risk and retrospectively adjusted the liability balance. The balance of additional contributions from a shareholder was also retrospectively adjusted based on this revision.

33-7 During the previous year, the Group's management obtained a loan of SAR 6 million from a shareholder, with repayment agreed over 36 monthly instalments. At initial recognition, the liability was measured at its present value using the Saudi Interbank Offered Rate (SAIBOR), without applying the prevailing market interest rate for a similar financial instrument with a comparable credit rating. The Group's management recalculated the present value of the future payments using the prevailing market interest rate at the loan inception date that reflects the Group's credit risk and retrospectively adjusted the liability balance. The balance of additional contributions from a shareholder was also retrospectively adjusted based on this revision.

33-8 The Group's management did not recognize the accrued remuneration for committee members in the previous year. This matter has been corrected by retrospectively recognizing the accrued remuneration in the consolidated statement of financial position.

33-9 During 2025, the Group's management reassessed the impairment testing related to intangible assets of the parent company "Arab Sea Information System Company" at the level of the relevant cash-generating units for the year ended 31 December 2024. As a result of this assessment, an impairment loss of SAR 3,633,350 was recognized, as the carrying amount of these cash-generating units exceeded their recoverable amount. This matter was corrected by retrospectively recognizing the impairment of intangible assets in the consolidated statement of financial position.

33-10 During prior periods, the Group's management recognized revenue in full at a point in time. During the current year, management reassessed the nature of certain revenue contracts, and it was determined that part of these revenues relates to database subscription services, which represent performance obligations satisfied over time. Accordingly, the Group corrected the accounting treatment by reclassifying the unearned portion as contract liabilities, which are subsequently recognized in the consolidated statement of profit or loss on a systematic basis over the service period, in accordance with IFRS 15 requirements (note 6-16).

33-11 During the current year, management reassessed the completeness of disclosures relating to its investments in subsidiaries. It was identified that, in prior periods, Arab Sea Information Systems Company had not been disclosed within the Group's list of subsidiaries. Accordingly, comparative information has been amended in the current year to complete this disclosure in line with the relevant presentation and disclosure requirements. Management confirms that the aforementioned subsidiary, located in the Arab Republic of Egypt, has not conducted any significant operations during the current year or prior years. Furthermore, the previous omission of disclosure did not have any material impact on the Group's consolidated financial statements, results of operations, or cash flows. Accordingly, the amendment is limited to enhancing and completing presentation and disclosure only.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "AED" unless otherwise stated)

33 Restatement of prior years (Continued)

33-12 The impact on the consolidated statement of changes in equity as at 1 January 2024, resulting from the above adjustments:

	<u>1 January 2024</u>
Equity before adjustment	127,044,393
Depreciation of right of use assets	(349,920)
Adjustments to revenue against contract liabilities	(2,144,623)
Rent expense adjustment	308,979
Interest charged on lease liabilities	(60,990)
Equity as at 1 January 2024 (restated)	<u><u>124,797,839</u></u>

33-13 Impact on the consolidated statement of changes in equity as at 31 December 2024, resulting from the above adjustments:

	<u>31 December 2024</u>
Equity before adjustment	121,858,641
Depreciation of right of use assets	(1,136,227)
Rent expense adjustment	1,162,250
Interest charged on lease liabilities	(141,931)
Interest charged on long-term liabilities to a shareholder	(106,954)
Impairment of intangible assets	(3,633,350)
Adjustments to revenue against contract liabilities	(4,150,503)
Adjustments to committee members' remuneration	(142,500)
Adjustments to additional contributions from a shareholder	11,267,905
Equity as at 31 December 2024 (restated)	<u><u>124,977,331</u></u>

33-14 Impact on the consolidated statement of cash flows for the year ended 31 December 2024 as a result of the above adjustments:

	<u>As previously reported</u>	<u>Impact of restatement</u>	<u>As restated</u>
Loss before Zakat	(17,554,990)	(5,902,661)	(23,457,651)
Depreciation of right of use assets	-	786,307	786,307
Finance costs	266,815	187,895	454,710
Impairment in intangible assets	4,526,154	3,633,350	8,159,504
Changes in Working Capital:			
Prepayments and other current assets	(208,184)	7,829	(200,355)
Accrued expense and other current liabilities	6,817,516	142,500	6,960,016
Contract liabilities	439,609	2,005,880	2,445,489
Due to related parties	5,159,925	(4,330,000)	829,925
Net cash flows generated from operating activities	<u>16,290,136</u>	<u>(3,468,900)</u>	<u>12,821,236</u>
Lease liabilities paid	-	(561,100)	(561,100)
Proceeds from long-term liabilities to a shareholder	-	4,330,000	4,330,000
Net cash flows generated from financing activities	<u>-</u>	<u>3,768,900</u>	<u>3,768,900</u>

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in "ﷲ" unless otherwise stated)

34. Assets held in trust

The accounting records of Arab Sea Financial Company (a subsidiary) indicate the existence of an amount of SAR 576,187 for the year ended 31 December 2025 (31 December 2024: SAR 540,278) in a fintech bank account (Arab Bank). In accordance with regulations issued by the Central Bank, these funds are held by the Company as a trustee and are not included in the financial statements of the Company or the Group.

35. Subsequent Events

In management's opinion, there were no significant subsequent events after 31 December 2025 up to the date of approval of the financial statements that may have a material impact on the financial statements as at 31 December 2025.

36. Approval of the Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2025 were approved by the Board of Directors on 12 Dhual-Qa'dah 1447H (Corresponding to: 29 April 2026).