

**INTELLIGENT OUD COMPANY FOR TRADING**  
A SAUDI JOINT STOCK COMPANY

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

# INTELLIGENT OUD COMPANY FOR TRADING

A SAUDI JOINT STOCK COMPANY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Intelligent Oud for Trading Company  
A Saudi Joint Stock Company

### Opinion

We have audited the accompanying financial statements of Intelligent Oud for Trading Company (the "Company") (a Saudi Joint Stock Company), which comprise the statement of financial position as of 31 December 2025, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>For the financial year ended 31 December 2025, the Company recognized total revenue of ₪ 28 million.</p> <p>Revenue recognition is considered a key audit matter given the significant amount involved and due to the factors associated with revenue recognition and the inherent risk of material misstatement associated with determining the recognition and measurement of revenue.</p> <p>Refer to material accounting policies in note 3 for revenue and note 21 for more details on revenue in the financial statements.</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the Company's accounting policies for revenue recognition and measurement with reference to the requirements of IFRS 15 Revenue from Contracts with Customers.</li> <li>- Obtaining an understanding of, and assessing the design and implementation of, key internal controls over the revenue cycle.</li> <li>- Performing substantive testing of revenue transactions on a sample basis by agreeing selected transactions to sales invoices, customer contracts and other relevant supporting documentation.</li> <li>- Performing cut-off testing to assess whether revenue was recorded in the correct accounting period.</li> <li>- Assessing the adequacy and appropriateness of the related disclosures in the financial statements in accordance with IFRS requirements.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### To the Shareholders of Intelligent Oud for Trading Company

A Saudi Joint Stock Company

#### Other Information

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

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

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

If, based on our review of the annual report and other information made available to us, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. Annual report is not available for our review.

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### To the Shareholders of Intelligent Oud for Trading Company

A Saudi Joint Stock Company

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

- 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 of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

for Alzoman, Alfahad and Alhajjaj Professional Services

Zaher Abdullah Alhajjaj  
Certified Public Accountant  
License No (562)

Riyadh, Kingdom of Saudi Arabia

Date: 12 Shawwal 1447H

Corresponding to: 31 March 2026



**INTELLIGENT OUD COMPANY FOR TRADING**

A SAUDI JOINT STOCK COMPANY

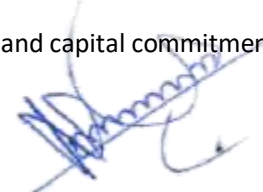
STATEMENT OF FINANCIAL POSITION

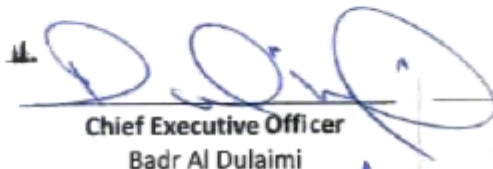
AS OF 31 DECEMBER 2025


(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment, net	6	10,006,655	8,934,468
Right of use assets	7	907,296	1,352,457
Intangible assets	8	9,046,105	11,248,439
<b>Total Non-Current Assets</b>		<b>19,960,056</b>	<b>21,535,364</b>
<b>Current Assets</b>			
Trade receivables	9	44,638,215	31,482,527
Inventory	10	2,433,299	6,426,843
Prepayments and other current assets	11	8,966,120	14,220,323
Cash and cash equivalents	12	6,820,126	514,142
<b>Total Current Assets</b>		<b>62,857,760</b>	<b>52,643,835</b>
<b>TOTAL ASSETS</b>		<b>82,817,816</b>	<b>74,179,199</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	19,500,000	19,500,000
Share premium		11,002,521	11,002,521
Statutory reserve	14	1,901,220	1,901,220
Retained earnings		17,779,290	13,682,395
Actuarial gains		178,409	343,398
<b>TOTAL EQUITY</b>		<b>50,361,440</b>	<b>46,429,534</b>
<b>Non-Current Liabilities</b>			
Long-term borrowing - non-current portion	15	4,529,642	6,001,248
Lease liabilities - non-current portion	7	544,760	1,105,344
Employee end-of-service benefits	17	1,144,092	782,461
<b>Total Non-Current Liabilities</b>		<b>6,218,494</b>	<b>7,889,053</b>
<b>Current Liabilities</b>			
Long-term borrowings-current portion	15	7,833,574	3,674,873
Due to related parties	18	-	117,748
Short-term borrowings	16	13,449,812	8,949,527
Lease liabilities – current portion	7	457,738	325,428
Trade payables		1,078,715	4,170,378
Accruals and other current liabilities	19	2,250,614	1,749,687
Zakat provision	20	1,167,429	872,971
<b>Total Current Liabilities</b>		<b>26,237,882</b>	<b>19,860,612</b>
<b>TOTAL LIABILITIES</b>		<b>32,456,376</b>	<b>27,749,665</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>82,817,816</b>	<b>74,179,199</b>

Contingencies and capital commitments 30

  
 Chief Financial Officer  
 Mushrif Mahroof

  
 Chief Executive Officer  
 Badr Al Dulaimi

  
 Chairman  
 Mohammed Al Dulaimi

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

**INTELLIGENT OUD COMPANY FOR TRADING**

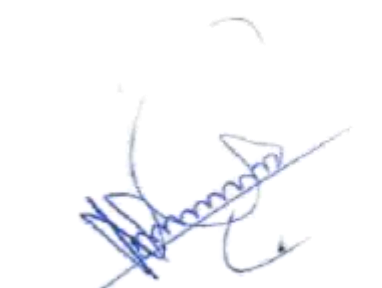
A SAUDI JOINT STOCK COMPANY


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

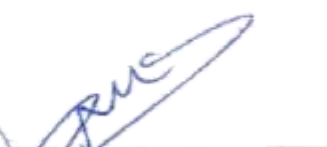
FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Revenue	21	<b>28,052,642</b>	26,688,170
Cost of revenue	22	<b>(5,744,049)</b>	(6,255,888)
<b>Gross profit</b>		<b>22,308,593</b>	20,432,282
Selling and marketing expenses	23	<b>(9,392,627)</b>	(6,328,633)
General and administrative expenses	24	<b>(4,763,840)</b>	(4,663,636)
Other income		<b>1,160,821</b>	1,221,608
Provision for expected credit losses (ECL)	9	<b>(1,558,951)</b>	(2,493,130)
<b>Operating profit</b>		<b>7,753,996</b>	8,168,491
Finance costs	25	<b>(2,683,065)</b>	(2,414,067)
<b>Profit for the year before zakat</b>		<b>5,070,931</b>	5,754,424
Zakat expense	20	<b>(974,037)</b>	(1,012,336)
<b>Net profit for the year</b>		<b>4,096,894</b>	4,742,088
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements due to actuarial (losses) / gains on employee end of service benefits	17	<b>(164,989)</b>	588,192
<b>Total other comprehensive (loss) income for the year</b>		<b>(164,989)</b>	588,192
<b>Total comprehensive income for the year</b>		<b>3,931,905</b>	5,330,280
Basic and diluted earnings per share	26	<b>2.10</b>	2.43

  
Chief Financial Officer  
Mushrif Mahroof

  
Chief Executive Officer  
Badr Al Dulaimi

  
Chairman  
Mohammed Al Dulaimi

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**INTELLIGENT OUD COMPANY FOR TRADING**


A SAUDI JOINT STOCK COMPANY


STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

	Share Capital	Share Premium	Statutory reserve	Retained earnings	Reserve for Actuarial (loss) / gains	Total
Balance as of 01 January 2024	16,250,000	11,002,521	1,427,011	12,664,516	(244,794)	41,099,254
Net profit for the year	-	-	-	4,742,088	-	4,742,088
Other comprehensive income	-	-	-	-	588,192	588,192
<b>Total comprehensive income for the year</b>	-	-	-	<b>4,742,088</b>	<b>588,192</b>	<b>5,330,280</b>
Transferred to statutory reserve	-	-	474,209	(474,209)	-	-
Issuance of bonus shares	3,250,000	-	-	(3,250,000)	-	-
<b>Balance as of 31 December 2024</b>	<b>19,500,000</b>	<b>11,002,521</b>	<b>1,901,220</b>	<b>13,682,396</b>	<b>343,398</b>	<b>46,429,535</b>
Net profit for the year	-	-	-	4,096,894	-	4,096,894
Other comprehensive loss	-	-	-	-	(164,989)	(164,989)
<b>Total comprehensive income for the year</b>	-	-	-	<b>4,096,894</b>	<b>(164,989)</b>	<b>3,931,905</b>
<b>Balance as of 31 December 2025</b>	<b>19,500,000</b>	<b>11,002,521</b>	<b>1,901,220</b>	<b>17,779,290</b>	<b>178,409</b>	<b>50,361,440</b>

  
 Chief Financial Officer  
 Mushrif Mahroof

  
 Chief Executive Officer  
 Badr Al Dulaimi

  
 Chairman  
 Mohammed Al Dulaimi

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**INTELLIGENT OUD COMPANY FOR TRADING**


A SAUDI JOINT STOCK COMPANY

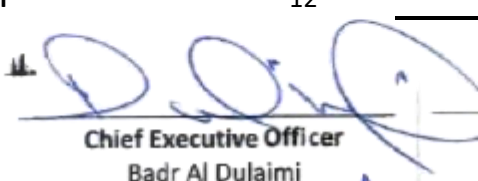
## STATEMENT OF CASH FLOWS

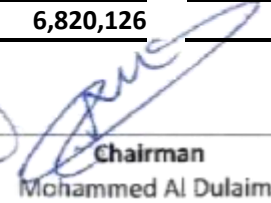
FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

	Note	31 December 2025	31 December 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before zakat		5,070,931	5,754,424
<b>Adjustments for:</b>			
Depreciation of property and equipment	6	1,677,860	1,307,166
Amortization of right-of-use assets	7	538,393	453,718
Amortization of intangible assets	8	2,198,956	1,260,813
ECL provision	9	1,558,951	2,493,130
Interest charged on lease liabilities		115,692	107,278
Loss on disposal of property and equipment		42,304	-
Inventory provision		-	39,525
Finance costs	25	2,526,992	2,414,067
Employee end-of-service benefits provision		293,184	307,288
<b>Changes in operating assets and liabilities:</b>		<b>14,023,263</b>	<b>14,137,409</b>
Inventory		3,993,544	(812,669)
Trade receivables		(14,714,639)	(4,351,662)
Prepayments and other current assets		5,254,204	(13,091,745)
Due from related parties		-	134,202
Trade payables		(3,091,663)	3,170,196
Accruals and other current liabilities		500,927	1,582,009
<b>Cash generated from operating activities</b>		<b>5,965,636</b>	<b>767,740</b>
End-of-service benefits paid	17	(96,542)	(130,030)
Finance cost paid on borrowings		(2,526,992)	-
Finance cost paid on leases liabilities		(115,692)	-
Zakat paid	20	(679,579)	(589,789)
<b>Net cash generated from operating activities</b>		<b>2,546,831</b>	<b>47,921</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property and equipment	6	(3,002,999)	(2,375,352)
Proceed from disposal of property and equipment	6	214,026	-
Payments for purchase of intangibles	8	-	(1,787,451)
Payments for right of use assets		-	(714,936)
Receipt from disposal of financial assets at amortized cost		-	4,900,000
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,788,973)</b>	<b>22,261</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid		(521,506)	(567,770)
Long-term borrowings received		4,501,329	8,160,000
Long-term borrowings paid		(1,814,234)	(7,828,831)
Short-term borrowings received		24,231,215	1,366,739
Short-term borrowings paid		(19,730,930)	-
Due to related parties		(117,748)	(1,935,362)
<b>Net cash generated from/ (used in) financing activities</b>		<b>6,548,126</b>	<b>(805,224)</b>
<b>Net change in cash and cash equivalents</b>		<b>6,305,984</b>	<b>(735,042)</b>
Cash and cash equivalents at the beginning of the year	12	514,142	1,249,184
<b>Cash and cash equivalents at end of the year</b>	12	<b>6,820,126</b>	<b>514,142</b>

  
 Chief Financial Officer  
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 Chairman  
 Mohammed Al Dulaimi

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

# INTELLIGENT OUD COMPANY FOR TRADING

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

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## 1. ORGANIZATION AND ACTIVITY

Intelligent Oud Company for Trading ("the Company") was established as a Saudi limited liability company (LLC), registered in Riyadh, Kingdom of Saudi Arabia on 6 Rabi' al-Thani 1431 AH (corresponding to 21 March, 2010) under CR No. 1010284502 having unified number 7008049293.

On 2 Muharram 1442 AH, (corresponding to 11 August, 2021) the shareholders decided to transform the legal status of the Company from a LLC to a closed joint stock company.

Listing and trading the Company's shares in the Parallel Market ("Nomu"):

On 6 Rabi Al-Thani 1444 (corresponding to: 31, October 2022), the Extraordinary General Assembly approved the increase in the Company's share capital from ₪ ("13,000,000") divided into ("1,300,000") stock, of ₪ 10 each to be ₪ ("16,250,000 divided into ("1,625,000") shares of ₪ ("10") each by issuing ("325,000") new ordinary shares which represent ("20%") of the company's capital after the increase and offering the new ordinary shares for initial public offering in Nomu to qualified investor categories.

On 3 Dhu al-Hijjah 1444 AH ("corresponding to 21 June, 2023), the Capital Market Authority (CMA) announced the issuance of the CMA Board Resolution approving the request of the Company to register its shares and offer (325,000) shares, representing (20%) of its shares in Nomu.

On 2 October 2023, the Company's shares were listed and began trading on Nomu, with trading code NO ("9579"). Please refer to Note 14 for more details regarding the share capital and share premium.

The registered office of the Company is located at 7459, Al Ulya Almuruj, 2207, Riyadh, Kingdom of Saudi Arabia.

The Company's activities include the manufacture of room fragrances, deodorizing preparations, oud oil, cosmetics, wholesale of pharmaceutical goods, soaps, oud, gifts and luxuries as well pharmaceutical warehouse activities.

On 27 Safar 1447H (corresponding to 21 August 2025), the Company announced that the Extraordinary General Assembly, held on 26 Safar 1447H (corresponding to 20 August 2025), approved the change of the Company's name to Rimath Hospitality Company. The name will be changed after completing all procedures with the Ministry of Commerce and the relevant authorities.

These financial statements include the accounts of the Company and its branches shown below:

1. Intelligent Oud Company for Trading under CR No. (1010284502) issued in Riyadh on 06/06/1431.
2. Intelligent Oud Company Factory under CR No. (101800590) issued in Huraymla on 19/1/1438.
3. Intelligent Oud Company for Trading under CR No. (4031293359) issued in Makkah on 12/06/1445.
4. Intelligent Oud Company branch In the United Arab Emirates. license No. 821416 issued by the Dubai Government on 17/12/2018 as a branch of a GCC Company with CR No. (1380699) issued on 17 December, 2018.

The company announces the signing of a final share-swap acquisition agreement on 23/04/1447H (corresponding to 15 October, 2025) with the owners of Thannah Trading Company, to acquire 100% of its share capital, with a total value of ₪ 59,471,100 through increasing the capital of the Company by issuing 1,170,000 new shares to the owners of Thannah Trading Company. The Acquisition will happen after completing all procedures with the relevant authorities.

## 2. BASIS OF PREPARATION AND MEASUREMENT

### a) Statement of compliance

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

The new Companies Law issued by Royal Decree M/132 dated 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as "the Act") came into effect on 26/6/1444H (corresponding to 19, January 2023). For some provisions of the Act and in line with the By-law, full compliance is expected to be applied within a period not exceeding 2 years from 26/6/1444H (corresponding to 19 January, 2023). By-law has been amended to align with the provisions of the new Companies Law issued.

## INTELLIGENT OUD COMPANY FOR TRADING

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

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### 2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

#### b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the employees' end of service benefits, which is measured at the present value of future obligations using the Projected Unit Credit Method.

#### c) Presentation and Functional Currency

These financial statements have been presented in SAR, which is the Company's functional and presentation currency.

### 3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. The following are the accounting policies used in preparing these financial statements.

#### 3.1 Classification of assets and liabilities as current and non-current

The company shows assets and liabilities in the statement of financial position as current/non-current. Assets are considered current as follows:

- When it is expected to be realized or intended to be sold or exhausted during the normal cycle of operations,
- Held primarily for trading purposes,
- Expected to be achieved within 12 months after the financial period, or
- Cash and cash equivalents, unless there are restrictions on exchanging it or using it to pay any liabilities for a period of not less than 12 months after the financial period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period. or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

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

#### 3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely to flow to the Company and the item cost can be measured reliably. Main renovations are depreciated over the earlier of the remaining useful life of the relevant asset or until the next main renewal date. Repairs and maintenance are charged to the profit or loss account during the financial period in which they were incurred.

Depreciation is calculated on straight line basis, over its estimated useful life as follows:

<b>Assets</b>	<b>Years</b>
Vehicles (Cars and Motorcycles)	8
Leasehold improvements	Shorter of 5 years or Lease term
Furniture and Fixture	7
Machines and equipment	12
Computers	5

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, which is higher than their fair value less cost to sell and their value in use.

## INTELLIGENT OUD COMPANY FOR TRADING

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Property and Equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs for company's own website, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the 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 future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss. Intangible assets are recorded in the statement of financial position at cost less accumulated amortization and accumulated impairment losses (if any).

The useful lives are assessed to be either finite or indefinite. Finite intangible assets are amortized over their economic useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment, either individually or at the cash-generating unit level. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the useful life is changed from indefinite to finite on a prospective basis.

#### Research and development costs

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sales, its intention to complete and its ability and intention to use or sell the asset
- 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

Following initial recognition of the 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 benefit. Amortization is recorded in cost of revenue. During the period of development, the asset is tested for impairment annually.

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.3 Intangible assets (continued)**

##### **Computer programs**

Computer software licenses capitalized on the basis of the costs incurred when purchasing a specific program or obtaining a specific service for use. Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life, starting from the date the program is made available for use.

##### **License fees and subscriptions**

The amortization periods for license and subscription fees are determined based on the term of the license and subscription in effect for the use of those licenses and subscriptions, renewal terms, and whether the license or subscription depends on certain technologies. Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives when it occurs.

#### **3.4 Projects in process**

Capital Work in process CWIP are presented at cost less any impairment losses. All expenses related to the specific assets incurred during the construction and installation period are charged. The project cost is transferred to the appropriate category of Property Equipment or Intangible Assets when it is ready for use.

#### **3.5 Fair value measurement of assets and liabilities**

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

In the principal market for the asset or liability, or

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

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

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

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

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

##### **Level 1**

Quoted (unadjusted) prices in active markets for identical assets or liabilities being measured.

##### **Level 2**

Inputs other than the quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

##### **Level 3**

Inputs for the asset or liability that are unobservable (not based on observable market data)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Fair value measurement of assets and liabilities (continued)

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

At each reporting date, the company analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

#### 3.6 Financial Instruments

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

##### Recognition, classification, and presentation

The Company recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at the time of initial recognition.

The Company classifies its financial assets as follows:

- Fair value (either through other comprehensive income or through profit or loss); and
- Amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all non-derivative financial liabilities at amortized cost.

##### Measurement

###### Initial Measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or deducted from them (Except for financial assets and liabilities at fair value where transaction costs are directly attributable to the acquisition of financial assets or liabilities are recognized directly in profit or loss).

###### Subsequent measurement of financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

###### Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets, at amortized cost, include cash and cash equivalent, trade receivables, and other financial assets at amortized cost.

## **INTELLIGENT OUD COMPANY FOR TRADING**

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.6 Financial Instruments (continued)**

##### **Trade Receivables**

Trade receivables represent amounts due from customers in the private and public sectors for supplies, within the normal course of the Company's activities, and do not bear interest. If credit terms exceed normal credit terms, trade receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivables and other debtors are reviewed to determine whether there is any objective evidence that amounts are not recoverable. In such cases, a loss due to impairment is recognized directly in Statement of comprehensive income.

##### **Financial assets measured at fair value through profit or loss (FVTPL)**

Financial assets measured at fair value through profit or loss are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on the sale or disposal of the financial asset in the future.

##### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at the date of each financial report.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

##### **Impairment of Financial Assets**

The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Company considers a financial asset in default when contractual payments are 150 days past due except for Trade receivables. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. For trade receivables, the Company has defined one year as default for general customers and two years for Key customers. This default period has been approved through a resolution by the Board of Directors and is applied consistently over the years.

The Company's policy measures ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

## **INTELLIGENT OUD COMPANY FOR TRADING**

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.6 Financial Instruments (continued)**

##### **Presentation of impairment of assets**

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

##### **Derecognition**

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

- the rights to receive cash flows from the asset have expired, or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

##### **Subsequent measurement of financial liabilities**

###### **Amortized cost**

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities; measured at FVTPL.

- That arises when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuous involvement approach;
- That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
- That are financial guarantee contracts; and
- Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Profits or losses on financial liabilities that are measured at fair value are recognized in profit or loss.

###### **Financial liabilities at Fair Value through profit or loss (FVTPL)**

Financial liabilities under this category include:

- Liabilities held for trading; and
- Those designated at FVTPL.

After initial measurement, the Company measures financial liabilities at fair value while recognizing changes in the profit or loss.

Gains or losses on the financial liability designated at FVTPL are generally split and presented as follows:

- The amount of change in the fair value of the financial liability that can be attributed to changes in credit risk for those financial liabilities is presented in the other comprehensive income; and
- The remaining amount of change in the fair value of the financial liability is presented in profit or loss.

###### **Liabilities other than financial liabilities at Fair Value through profit or loss (FVTPL)**

Financial liabilities are measured at amortized cost using the effective interest rate method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

## **INTELLIGENT OUD COMPANY FOR TRADING**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.6 Financial Instruments (continued)**

##### **Derecognition**

Financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **3-7 Prepayments and other debit balances**

Prepayments are recognized if payment has been made in advance of obtaining the right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or consumption. Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

#### **3.8 Inventory**

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method consisting of the purchase cost and other costs incurred in delivering the inventory to its location and current condition. Net realizable value represents the estimated selling price in the ordinary course of the business less estimated costs necessary to be incurred to make the sale.

Inventory is reduced based on current market conditions, historical experience, and the sale of goods of a similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

The Company reviews the carrying value of inventory on a regular basis and, when necessary, the inventory is written down to net realizable value or a provision is made for obsolescence in the event of any change in the pattern of use and/or physical form of the relevant inventory.

##### **WIP**

The materials are partially completed during the production process. Raw materials, labor, and appropriate general production expenses are included in the cost of production under operation.

##### **Raw material inventory**

The material that will be utilized in the manufacturing process to finish the product. Raw material costs are the cost of purchasing materials during the year.

##### **Finished goods**

Finished production are products that have completed the manufacturing process but have not yet been sold to customers. Finished goods are stated at cost or net realizable value shorter.

## **INTELLIGENT OUD COMPANY FOR TRADING**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.9 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, current accounts, deposits with banks, and other short-term high-liquidity investments with original maturities of three months or less from the date of acquisition that are easily convertible into cash, these assets are exposed to minimal risk.

#### **3.10 Borrowing**

Borrowing is initially recognized at fair value (as proceeds received), net of transaction costs, if any. Subsequent to initial recognition, long-term borrowing is measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the comprehensive income statement over the period of the loan using the effective interest rate method. Fees paid on the establishment of borrowing facilities are included as part of the transaction finance costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the related facility.

Recognition of borrowing in the statement of financial position ceases when the obligation is settled, cancelled, or expired. The difference between the carrying amount of the financial liabilities that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the comprehensive income statement under other income or finance costs.

Borrowing is classified as current liabilities unless the Company has an unconditional right to the liability defer settlement at least 12 months after the reporting year.

#### **Finance Costs**

General and specific borrowings that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized during the period of time required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other finance costs are recognized as an expense in the year in which they are incurred in the profit or loss.

#### **3.11 Leases**

The Company assesses whether a contract contains a lease at contract inception. For all such lease arrangements, the Company recognizes the right-of-use assets and lease liabilities except for the short term leases and leases of low-value assets as follows:

##### **Company as a lessee**

At the lease commencement date, the Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets, for which the Company recognizes the lease payments as an operating expense (unless they are incurred to produce assets) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Companies lease components include vehicles, rented warehouse rented factories and shops.

## INTELLIGENT OUD COMPANY FOR TRADING

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Lease (continue)

##### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. In general, the Company uses its incremental borrowing rate as the discount rate which has been used to measure all the lease liabilities recognized.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the statement of financial position, classified as current and non-current. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset whenever: The company assesses whether the contract includes a lease, at the inception of the contract. For all these lease arrangements, the company recognizes right-of-use assets and lease liabilities except for short-term leases as follows:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. Short-term leases and leases of low-value assets

##### Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position, unless the right-of-use asset meets the definition of investment property and in such case, it is presented in the statement of financial position within investment property. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset, and the related payments are recognized as an expense (unless they are incurred to produce assets) in the period in which the event or condition that triggers those payments occurs.

The company applies a short-term lease recognition exemption to its short-term leases of residences, and offices (for example, lease contracts that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The company also applies a low-value asset recognition exemption to its leases of residences, and offices that are considered low-value. Lease payments on short-term lease contracts and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.12 Impairment of non-financial assets**

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in profit or loss within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Reversals of previously recorded impairment provisions are credited against the provision account in profit or loss.

#### **3.13 Trade payables and other accrued expenses**

These amounts represent liabilities relating to goods and services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method

#### **3.14 Provisions**

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

Where the Company expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expenses related to the provision are presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a finance charge.

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.15 Employees' end-of-service benefits

##### Short-term obligations

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

##### Other long-term employee benefit obligations

The Company operates a post-employment benefit scheme plans driven by the labor laws of the Kingdom of Saudi Arabia. The post-employment benefits plans are not funded. Valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method.

The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

Valuations of the obligations under the plan are carried out using actuarial techniques on the projected unit credit method.

The costs relating to such plan primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost.

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

Changes in the present value of the employee end of service benefits resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the respective countries in which the Company operates.

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Zakat

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

#### 3.17 Revenue recognition

Revenue consists of the fair value of the consideration received or receivable from the sale of goods in the ordinary course of the company's business taking into account contractually specified payment terms. Revenue is stated net of trade discounts, incentives and rebates.

A company recognizes revenue when the amount of revenue can be measured reliably; When it is probable that future economic benefits will flow to the company; And when specific criteria are met for each of the company's activities, as described below. The Company recognizes revenue under IFRS 15 using the following five-step model:

<b>Step 1: Identify the Contract with the Customer</b>	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the terms that relate to those rights and obligations.
<b>Step 2: Identify the Performance Obligations</b>	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
<b>Step 3: Determine the Transaction Price</b>	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties.
<b>Step 4: Distribute or Allocate the Transaction Price</b>	For contracts with more than one performance obligation, the Company allocates the transaction price to each performance obligation with an amount that reflects the consideration.
<b>Step 5: Recognize revenue</b>	The Company recognizes revenue whenever (or when) it satisfies a performance obligation by transferring a promised good or service to the customer under the contract

The specific recognition criteria set out below must also be met before revenue can be recognized.

#### Distribution of performance commitment

In some cases, the company defines delivery services as separate from the sale of goods. This occurs when the delivery is at the buyer's location and delivery services are provided to the buyer's location. The Company allocates a portion of the total transaction price to provide services based on its best estimate of a similar service.

#### Variable Pricing- Initial Pricing

The amount of variable consideration is estimated at either its expected value or the most likely amount and is included in revenue to the extent that it is highly probable that revenue will not reverse.

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(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

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### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.17 Revenue recognition (Continued)**

##### **Transfer of control**

The company's contracts with customers for the sale of its products usually include two performance obligations. The company has concluded that revenue should be recognized from the sale of oud and other products at the point in time when control of the asset is transferred to the customer, which is typically upon delivery.

##### **Return Rights**

Some contracts grant the customer the right to return the goods within a certain period, in case the inventory does not meet quality standards. Contracts under which the customer exchanges defective products for a better product have been evaluated according to International Accounting Standard IAS (37).

#### **3.18 Operating expenses**

##### **Cost of revenue**

Cost of revenue represents all expenses directly attributable or incidental to the core of the company's operating activities.

##### **Selling and marketing expenses**

These expenses include the cost incurred to implement or facilitate the Company's selling activities. These costs include the salaries of sales, marketing, distribution and logistics employees.

##### **General and administrative expenses**

This item relates to operating expenses that are not directly related to the sale of any goods. It also includes the allocation of indirect general expenses, which are not specifically attributed to the cost of revenues.

Indirect expenses are distributed between the cost of revenues, selling and distribution expenses, and general and administrative expenses, as appropriate, on a fixed basis.

#### **3.19 Transactions and balances in foreign currency**

Foreign currency transactions are initially recognized by the Company's branches at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into ₪ at the exchange rates ruling on such date.

Any resulting exchange differences are charged or credited to Profit or loss as appropriate.

As at the reporting date, the assets and liabilities of the foreign branches are translated into SAR, at the rate of exchange ruling at the statement of financial position date and their statement of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year.

#### **3.20 Contingent liabilities**

All Contingent liabilities resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not subject to the complete control of the Company, or all present obligations resulting from past events but not confirmed for the following reasons:

- There is no possibility that an outflow of resources embodied in the economic benefits will be required to settle the obligation, Or
- the amount of the liability cannot be measured with sufficient reliability; They must all be evaluated at the date of each statement of financial position and disclosed in the Company's financial statements as potential liabilities.

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### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.21 Value added tax

Expenses and assets are recognized after deducting value-added tax, except in the following cases:

- If the VAT incurred on the purchase of assets or services is not recoverable from ZATCA, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of an expense item, as applicable, and
- Trade receivables and trade payables are included in the transaction tax amount.

The net amount recoverable or payable of VAT to ZATCA is included as part of accounts receivable or payable in the statement of financial position.

#### 3.22 Dividends

Cash or non-cash distributions to shareholders are recognized as liabilities upon approval of the distribution, and according to the Companies Law in the Kingdom of Saudi Arabia,<sup>3</sup> dividends are approved upon approval by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

#### 3.23 Cost of Borrowing

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset, which is one that necessarily takes a substantial period of time to get ready for its intended use or sale, as appropriate. Eligible assets are assets that necessarily take a significant period of time to become ready for their intended use or sale. Investment in income earned on temporary investment of specific borrowings until spent on qualifying assets is deducted from borrowing costs eligible for capitalization.

Other borrowing costs are recognized as expenses in the year in which they are incurred in the consolidated statement of profit or loss.

#### 3.24 Earnings per share

Basic earnings per share/ (losses)

Basic earnings per share is calculated by dividing:

- Profit/(loss) attributable to shareholders of the Company, after deducting any common stock equity servicing costs, over the weighted average number of common shares outstanding during the year adjusted for the number of common shares repurchased or issued during the year.

Diluted earnings per share /(losses)

The figures used in determining basic Earnings per share /(losses) are adjusted to arrive at diluted Earnings per share, taking into account:

- The impact of after-tax interest and other finance costs associated with a potential dilution of our common stock.
- The weighted average number of additional common shares that would have been outstanding assuming the conversion of all common shares with the effect of potential dilution.

#### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

##### **4.1 Accounting Estimates and Judgements**

The preparation of the financial statements in conformity with IFRS as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

##### **Assumption and estimation uncertainties**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### **Impairment of non-financial assets**

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units).

If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

#### **4.1 Accounting Estimates and Judgements (Continued)**

##### **Impairment losses on trade and other receivables**

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written-off when management deems them not to be collectable.

##### **Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities.

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

##### **Useful lives of property and equipment**

Useful lives of property and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property and equipment are determined by management to calculate depreciation.

This estimate is determined after taking into account the expected use of assets or physical damage to assets. Management reviews the residual value and useful lives annually and changes in depreciation expenses (if any) are adjusted in the current and future periods.

##### **Impairment of inventories**

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis.

Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

##### **Going concern**

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### 4.1 Accounting Estimates and Judgements (Continued)

##### **Significant judgment in determining the lease term of contracts with renewal options**

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company 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 option to renew (e.g., a change in business strategy).

##### **Employees end of service benefits**

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is most sensitive to changes in the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

##### **Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model.

Inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to these factors can affect the disclosed fair value of the financial instruments.

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**5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS****New standards, amendments to standards and interpretations**

The following amendments to the Company's relevant standards are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has adopted these standards and/or amendments, but they do not have a material impact on the financial statements of the Company.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for accounting periods beginning on or after</b>	<b>Summary of the amendment</b>
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

**New standards, amendments to standards and interpretations no effective**

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments; however, the Company has not early adopted them in preparing these Financial Statements. The Company is currently evaluating the impact of the adoption of these standards on the Financial Statements.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for accounting periods beginning on or after</b>	<b>Summary of the amendment</b>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments contain guidance on derecognizing the financial liability, assessment of contractual cash flow characteristics of financial assets that include environmental, social and governance linked features, clarification of treatment of non-recourse assets and contractually linked instruments and additional disclosures.
IFRS 9 and IFRS 7	Power Purchase Agreements	1 January 2026	The amendments contain guidance on contracts referencing nature-dependent electricity.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	The Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027	The Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

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**6. PROPERTY AND EQUIPMENT**

	<u>Vehicles</u>	<u>Leasehold Improvements</u>	<u>Furniture &amp; Fixtures</u>	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
<b>Cost:</b>						
Balance at the beginning of the year	466,407	2,838,595	10,407,827	1,633,826	505,626	<b>15,852,281</b>
Additions during the year			3,000,000		2,999	<b>3,002,999</b>
Disposals during the year	-	-	-	(628,024)	-	<b>(628,024)</b>
<b>Balance at the end of the year</b>	<b>466,407</b>	<b>2,838,595</b>	<b>13,407,827</b>	<b>1,005,802</b>	<b>508,625</b>	<b>18,227,256</b>
<b>Accumulated Depreciation:</b>						
Balance at the beginning of the year	303,108	1,120,172	4,144,106	891,387	459,040	<b>6,917,813</b>
Charge for the year	42,824	153,153	1,374,639	92,477	14,765	<b>1,677,858</b>
Disposals during the year	-	-	-	(375,070)	-	<b>(375,070)</b>
<b>Balance at the end of the year</b>	<b>345,932</b>	<b>1,273,325</b>	<b>5,518,745</b>	<b>608,794</b>	<b>473,805</b>	<b>8,220,601</b>
<b>Net Book Value:</b>						
<b>At 31 December 2025</b>	<b>120,475</b>	<b>1,565,270</b>	<b>7,889,082</b>	<b>397,008</b>	<b>34,820</b>	<b>10,006,655</b>

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**6. PROPERTY AND EQUIPMENT (CONTINUED)**

	<u>Vehicles</u>	<u>Leasehold Improvements</u>	<u>Furniture &amp; Fixtures</u>	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
<b>Cost:</b>						
Balance at the beginning of the year	466,407	2,798,745	8,127,465	1,615,586	468,727	13,476,930
Additions during the year	-	39,850	2,280,362	18,240	36,899	2,375,351
<b>Balance at the end of the year</b>	<b>466,407</b>	<b>2,838,595</b>	<b>10,407,827</b>	<b>1,633,826</b>	<b>505,626</b>	<b>15,852,281</b>
<b>Accumulated Depreciation:</b>						
Balance as at the beginning of the year	255,913	924,816	3,204,854	773,581	451,483	5,610,647
Charge for the year	-	195,356	986,447	117,806	7,557	1,307,166
<b>Balance at the end of the year</b>	<b>255,913</b>	<b>1,120,172</b>	<b>4,191,301</b>	<b>891,387</b>	<b>459,040</b>	<b>6,917,813</b>
<b>Net Book Value:</b>						
<b>At 31 December 2024</b>	<b>210,494</b>	<b>1,718,423</b>	<b>6,216,526</b>	<b>742,439</b>	<b>46,586</b>	<b>8,934,468</b>

- Depreciation charged for the year is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Selling and marketing expenses (Note 23)	1,009,403	680,516
General and administrative expenses (Note 24)	570,537	322,578
Cost of revenue (Note 22)	97,918	304,072
<b>Total</b>	<b>1,677,858</b>	<b>1,307,166</b>

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**7. RIGHT OF USE ASSETS AND LEASE LIABILITIES****7.1 RIGHT OF USE ASSETS**

Movement of the right of use assets:

	31 December 2025		
	Buildings	Vehicles	Total
<b>Cost:</b>			
Balance at the beginning of the year	1,759,123	1,348,340	3,107,463
<b>Balance at the end of the year</b>	<b>1,759,123</b>	<b>1,348,340</b>	<b>3,107,463</b>
<b>Accumulated Depreciation:</b>			
Balance at the beginning of the year	1,069,897	685,109	1,755,006
Charge for the year	221,245	317,148	538,393
<b>Balance at the end of the year</b>	<b>1,291,142</b>	<b>1,002,257</b>	<b>2,293,399</b>
Reassessment of lease liabilities	93,232	-	93,232
<b>Net book value</b>	<b>561,213</b>	<b>346,083</b>	<b>907,296</b>
		31 December 2024	
	Buildings	Vehicles	Total
<b>Cost:</b>			
Balance at the beginning of the year	1,166,140	765,219	1,931,359
Additions during the year	131,815	583,121	714,936
Balance at end of the year	1,297,955	1,348,340	2,646,295
<b>Accumulated Depreciation:</b>			
Balance at the beginning of the year	884,318	416,970	1,301,288
Charge for the year	185,579	268,139	453,718
Balance at end of the year	1,069,897	685,109	1,755,006
Reassessment of lease liabilities	461,168	-	461,168
<b>Net book value</b>	<b>689,226</b>	<b>663,231</b>	<b>1,352,457</b>

**Depreciation of right-of-use assets expense is allocated to the statement of comprehensive income items as follows:**

	31 December 2025	31 December 2024
General and administrative expenses (Note 24)	276,970	161,521
Selling and marketing expenses (Note 23)	189,347	112,746
Cost of revenue (Note 22)	72,076	179,451
<b>Total</b>	<b>538,393</b>	<b>453,718</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**7. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)****7.2 LEASE LIABILITIES**

Lease liabilities against right of use assets recognized in the statement of financial position:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	1,430,772	632,980
Additions during the year	-	797,116
Finance cost (Note 26)	115,692	107,278
Payments made during the year	(637,198)	(567,770)
Reassessment of lease liabilities	93,232	461,168
Balance at the end of the year	<u>1,002,498</u>	<u>1,430,772</u>

Lease liabilities are presented in the statement of financial position as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Non-current portion	544,760	1,105,344
Current portion	457,738	325,428
<b>Total</b>	<u>1,002,498</u>	<u>1,430,772</u>

**8. INTANGIBLE ASSETS**

	<u>31 December 2025</u>		
	<u>Branding and promotion rights</u>	<u>E-Commerce web site</u>	<u>Total</u>
<b>Cost:</b>			
Balance at the beginning of the year	14,091,653	821,736	14,913,389
Additions during the year	1,196,623	-	1,196,623
Disposal during the year	(1,500,000)	-	(1,500,000)
<b>Balance at the end of the year</b>	<u>13,788,276</u>	<u>821,736</u>	<u>14,610,012</u>
<b>Accumulated Amortization:</b>			
Balance at the beginning of the year	3,582,778	82,173	3,664,951
Charge for the year	2,116,783	82,173	2,198,956
Disposal during the year	(300,000)	-	(300,000)
<b>Balance at the end of the year</b>	<u>5,399,561</u>	<u>164,346</u>	<u>5,563,907</u>
<b>Net book value</b>	<u>8,388,717</u>	<u>657,390</u>	<u>9,046,105</u>

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**8. INTANGIBLE ASSETS (CONTINUED)**

	31 December 2024		
	Branding and promotion rights	E-Commerce web site	Total
Cost:			
Balance at the beginning of the year	12,304,202	821,736	13,125,938
Additions during the year	1,787,451	-	1,787,451
Balance at the end of the year	14,091,653	821,736	14,913,389
Accumulated Amortization:			
Balance at the beginning of the year	2,404,138	-	2,404,138
Charge for the year	1,178,639	82,173	1,260,812
Balance at the end of the year	3,582,777	82,173	3,664,950
Net book value	10,508,876	739,563	11,248,439

The Company charges net Amortization expense of intangible assets to selling and marketing expenses amounting to ₪ 2,198,955 (2024: 1,260,813) refer to note 24.

**8.1 BRANDING AND PROMOTION RIGHTS**

Branding and Promotion rights represent rights of the Company developed as a result of consideration paid to the customers for shelves space, product registration, barcoding of the products and customer services etc. sold to customers. These products are sold to the end consumer by the Company's customer. These costs are amortized over a period of seven (7) years (2024: ten (10) years).

**Change in accounting estimate - Useful lives of Intangibles (Branding and Promotion rights)**

The Company's management reviews the useful lives of its Intangibles (branding and promotion rights) on an annual basis. During the year ended 31 December 2025, management revised the estimated useful lives of assets to better reflect the pattern of consumption of future economic benefits.

Previously, all branding and promotion rights were depreciated over 10 years.

Based on the management's evaluation, the useful lives of these branding and promotion rights has been revised from 10 years to 7 years.

The change results in an increase in amortization expense of ^ 750,002 for the period from 1<sup>st</sup> January 2025 to 31<sup>st</sup> December 2025 compared to what it would have been under the previous useful lives estimates.

**8.2 E-COMMERCE WEB SITE**

The development of web site was completed and became live for online purchases. Accordingly, this has been capitalized and is being amortized over a period of ten (10) years.

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**9. TRADE RECEIVABLES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade receivables	<b>49,752,640</b>	35,038,001
Less: Provision for expected credit losses (9.1)	<b>(5,114,425)</b>	(3,555,474)
<b>Total</b>	<b><u>44,638,215</u></b>	<u>31,482,527</u>

Aging of Trade receivables is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Not past due	<b>18,120,088</b>	23,806,864
31 - 60 days	<b>3,057,450</b>	267,270
61- 90 days	<b>1,078,594</b>	584,548
91 - 120 days	<b>360,018</b>	148,617
121 - 180 days	<b>626,565</b>	1,268,055
181-240 days	<b>14,380,544</b>	3,712,353
241 - 360 days	<b>4,415,973</b>	1,290,149
More than 360 days	<b>7,713,408</b>	3,960,145
<b>Total</b>	<b><u>49,752,640</u></b>	<u>35,038,001</u>

The Company uses a simplified model approach to estimate expected credit losses that is consistent with the requirements of IFRS 9 and is based on an assessment of trade receivable balances on a collective basis and companying them based on shared credit risk characteristics and due dates.

The estimated amount of expected credit losses is measured based on a number of indicators, historical and current information, and future expectations.

Indicators of impairment in trade receivables are reviewed at the end of the reporting period. The allowance for expected credit losses is adjusted to reflect any periodic changes in those indicators. In the management's opinion, there was no impairment of trade receivables other than what has been recorded as an allowance for expected credit losses. There were no changes in estimation methods or significant assumptions during the current year, except for the change in default period for Key customer, which has been approved by the board through resolution and will be applied consistently over the years.

**9.1 Movement in provision for expected credit losses is as follows:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	<b>3,555,474</b>	1,062,344
Allowance for the year	<b>1,558,951</b>	2,493,130
Balance at the end of the year	<b><u>5,114,425</u></b>	<u>3,555,474</u>

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**10. INVENTORY**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Finished goods	1,245,866	4,524,597
Raw materials	1,250,291	1,941,771
Less: provision for slow-moving inventory	(62,858)	(39,525)
<b>Total</b>	<b><u>2,433,299</u></b>	<b><u>6,426,843</u></b>

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	39,525	-
Provision during the year	23,333	39,525
<b>Balance at the end of the year</b>	<b><u>62,858</u></b>	<b><u>39,525</u></b>

**11. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Advance to suppliers	5,707,048	13,605,354
Prepaid expenses	85,551	272,484
Receivable from employees	32,153	144,339
Employee custody	-	168,960
Other receivables	3,141,368	29,186
<b>Total</b>	<b><u>8,966,120</u></b>	<b><u>14,220,323</u></b>

**12. CASH AND CASH EQUIVALENTS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash at banks	6,797,467	505,213
Cash in hand	22,659	8,929
<b>Total</b>	<b><u>6,820,126</u></b>	<b><u>514,142</u></b>

**13. SHARE CAPITAL**

As of 31 December 2025, the Company's share capital amounts to ₪ 19,500,000 divided into 1,950,000 shares of ₪ 10 each (31 December 2024: ₪ 19,500,000 divided into 1,950,000 shares of ₪ 10 each).

As of approval of the financial statement's date, management monitors the relevant legal procedures and requirements, including capital updates in the commercial register and amendments to the Company's articles of association. Management is fully satisfied that these procedures are in practice with no difficulties.

**14. STATUTORY RESERVE**

The statutory reserve included in the financial statements as of December 31, 2025, and December 31, 2024, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws, the requirement to set aside a statutory reserve has been removed.

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**15. LONG-TERM BORROWING**

<b>Long term loans</b>	<b>31 December 2025</b>	31 December 2024
Commercial bank borrowings (Note 16.1)	<b>450,755</b>	1,097,943
Finance company borrowings (Note 16.2)	<b>9,826,102</b>	5,670,213
Social development bank (Note 16.3)	<b>2,086,359</b>	2,907,965
	<b>12,363,216</b>	9,676,121

**15.1 Commercial Bank Borrowings**

During 2023, The Company obtained long-term bank facilities with a local bank ('Riyad Bank'), totaling ₪ 2,500,000. The Company utilized ₪ 2,210,344. These carry finance costs at annual percentage rate (APR) of 11.7%. During the year the Company repaid ₪ 835,738 (31 December 2024 797,976). As a result, the closing balance as at year end amounts to ₪ 450,755 (2024: ₪ 1,097,943). This agreement remains in effect until 7 December 2026.

These borrowings are secured by bearer promissory notes issued in the name of the Company and Mr. Badr Al-Dulaimi (shareholder). Also, Mr. Mohammed Al-Dulaimi (shareholder), Mr. Abdul Latif Al-Dulaimi (shareholder), and Mr. Abdul Majeed Al-Dulaimi (shareholder).

**15.2 Finance Company Borrowings**

During 2025, the Company obtained an additional long-term loan from a local finance company licensed by Saudi Central Bank (SAMA) i.e. Aafaq Capital totaling ₪ 4,501,329 (2024: ₪ 6,000,000). These carry finance costs at prevailing average rate of 16.7% (2024: 12%) per annum. This will be paid off by 2028. During the year the Company has paid ₪ 1,388,200 (2024: ₪ 1,020,000). As a result, the closing balance as at year end amounts to ₪ 9,826,102 (2024: ₪ 5,670,213).

These borrowings are secured by bearer promissory notes issued in the name of Mr. Badr Al-Dulaimi (stockholder). Also, Mr. Mohammed Al-Dulaimi (stockholder).

**15.3 Social Development Bank Borrowings**

During 2022, The Company obtained long-term bank facilities with 'Social Development Bank', totaling ₪ 6,000,000 for five (5) years. Finance costs to be charged during the loan tenure amounts to ₪ 1,200,000. During the year, the Company repaid ₪ 999,999 (2024: ₪ 1,666,666). This agreement remains in effect until 7 December 2026. The Company, as per the agreement terms is required to comply with certain financial covenants which include restrictions on cash dividends, capital expenditures, and expenditure of rentals.

During the year the Company missed installments and therefore is in breach of the agreement. The entire outstanding loan balance of ₪ 2,086,359 has been classified as current.

**The following is a breakdown of the long-term borrowings obtained movements:**

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	<b>9,676,121</b>	6,939,331
Proceed during the year	<b>4,501,329</b>	8,160,000
Finance cost	<b>1,325,506</b>	930,229
Repayments during the year	<b>(3,139,740)</b>	(6,353,439)
Balance at the end of the year	<b>12,363,216</b>	9,676,121

**Long-term borrowings are presented in the statement of financial position as follows:**

	<b>31 December 2025</b>	31 December 2024
Non-current portion	<b>4,529,642</b>	6,001,248
Current portion	<b>7,833,574</b>	3,674,873
	<b>12,363,216</b>	9,676,121

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**16. SHORT-TERM BORROWINGS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Local bank borrowings	8,394,238	4,770,779
Finance Company Loans	5,055,574	4,178,748
	<u>13,449,812</u>	<u>8,949,527</u>

The Company secured credit facilities with Saudi banks and local finance companies, licensed by SAMA, in the form of short-term borrowings to finance its working capital requirements. These facilities carry finance costs based on prevailing market rates. The borrowings are secured against promissory notes.

The following is a breakdown of the short-term borrowings obtained movements:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	8,949,527	7,582,788
Proceeds during the year	24,231,215	19,118,144
Finance cost	1,201,486	1,376,560
Paid during the year	(20,932,416)	(19,127,965)
Balance at the end of the year	<u>13,449,812</u>	<u>8,949,527</u>

**17. EMPLOYEE END OF SERVICE BENEFITS**

The Company has unfunded plan for employees end of services for all employees who complete the qualifying period of service and are entitled to the specified amounts in accordance with the Labor Law for each year / period of such service.

The annual provision is based on actuarial valuations. The valuation is made using the Projected Unit Credit Method. The principal actuarial assumptions used to calculate employee end-of-service benefits are as follows:

**17.1 Principal Actuarial Assumptions**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate (% per annum)	5.40%	5.50%
Rate of change in employee salary (% per annum)	5%	5%
Employee withdrawal rate (% per annum)	12.07%	12.07%

**17.2 Movement in the present value of employee end of service benefits**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	782,461	1,193,395
Current service cost	252,804	253,690
Finance cost	40,380	53,598
Payments during the year	(96,542)	(130,030)
Actuarial losses/(gains)	164,989	(588,192)
Balance at the end of the year	<u>1,144,092</u>	<u>782,461</u>

## 17. EMPLOYEE END OF SERVICE BENEFITS (continued)

17.3 The sensitivity of the employee end of service benefit to changes in the weighted average of the principal assumptions is as follows:

Assumptions	Change in Assumption	Impact of change
Discount rate	+1%	1,069,482
Discount rate	-1%	1,228,713
Rate of change in employees' salary	+1%	1,234,037
Rate of change in employees' salary	-1%	1,063,438

## 18. RELATED PARTY TRANSACTIONS AND BALANCES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to unrelated parties. Outstanding balances at the period-end are unsecured and are settled in cash.

	Nature of Relationship	Nature of Transaction	Amount of Transaction	
			31 December 2025	31 December 2024
Badr Abdul Rahman Al-Dulaimi	Shareholder	Payment	(117,748)	-
		Operating expenses	-	685,816
Abdul Latif Abdul Rahman Al-Dulaimi	Shareholder	Operating expenses	-	(31,997)
Abdul Majeed Abdul Rahman Al-Dulaimi	Shareholder	Finance	-	(704,651)
Mohammed Abdul Rahman Al-Dulaimi	Shareholder	Operating expenses		(20,000)

### 18.1 Due to related parties

	31 December 2025	31 December 2024
Badr Abdul Rahman Al-Dulaimi	-	117,748
	-	117,748

### 18.2 Due from related parties

	31 December 2025	31 December 2024
Badr Abdul Rahman Al-Dulaimi	-	-
<b>Total</b>	-	-

### 18.3 Key management personnel compensation

	31 December 2025	31 December 2024
Short-term benefits (salaries and bonuses)	438,233	1,202,340
Long-term benefits (end of service benefits)	559,877	195,008
<b>Total</b>	998,110	1,397,348

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**19. ACCRUALS AND OTHER CURRENT LIABILITIES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
VAT	1,819,876	118,342
Salaries payable	201,317	62,609
Provision for accrued leave pay	49,286	139,023
Notes payable	-	1,369,542
Others	180,135	60,171
<b>Total</b>	<u><u>2,250,614</u></u>	<u><u>1,749,687</u></u>

**20. ZAKAT****20.1 Zakat Position:**

The Company filed its zakat returns ZATCA until the year ended 31 December 2024 and obtained zakat certificate valid until 02 Dhul-Qi'dah 1446 AH, corresponding to 30 April 2025.

**20.2 Zakat Base:****Zakat Calculation**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total zakat items	57,747,362	55,309,306
Less: total non-zakat items	(19,960,056)	(21,535,364)
Zakat base	<u>37,787,306</u>	<u>33,773,942</u>
Zakat charge for the year	<u>974,037</u>	<u>872,971</u>

**20.3 Zakat Provision:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	872,971	450,424
Charge during the year	974,037	872,971
Paid in advance	-	139,365
Paid during the year	(679,579)	(589,789)
Balance as at the end of the period / year	<u>1,167,429</u>	<u>872,971</u>

**21. REVENUE**

Below is the breakdown of revenue from contracts with customers:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Revenue	31,805,439	33,553,968
Sales returns	(1,459,383)	(3,519,669)
Discount allowed	(2,293,414)	(3,346,129)
<b>Revenue, net</b>	<u><u>28,052,642</u></u>	<u><u>26,688,170</u></u>

**Revenue analysis by geographic information is as follows:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Revenue inside KSA	27,671,436	26,307,784
Revenue in other Gulf countries and internationally	381,206	380,386
<b>Total</b>	<u><u>28,052,642</u></u>	<u><u>26,688,170</u></u>

Revenue is recognized at a certain point in time as the performance obligation is satisfied at the point of sale.

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**22. COST OF REVENUE**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Raw materials and change in inventory movements	4,632,880	4,718,526
Customs fees and clearance services	468,615	448,026
Salaries, wages, and equivalents	312,147	450,880
Maintenance and repairs	104,786	47,734
Depreciation of property and equipment (Note 6)	97,918	304,072
Depreciation of right-of-use assets (Note 7)	72,076	179,451
Government charges	16,099	41,828
Vehicle fuels	11,048	9,184
Water, electricity and phone utilities	9,915	5,270
Social insurance	6,920	15,559
Hospitality and cleanliness	-	6,708
Others	11,645	28,650
<b>Total</b>	<u><u>5,744,049</u></u>	<u><u>6,255,888</u></u>

**23. SELLING AND MARKETING EXPENSES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Sales commissions	3,332,175	173,860
Depreciation of intangible assets	2,198,955	1,260,813
Salaries, wages, and equivalents	1,487,273	1,912,916
Depreciation of property and equipment (Note 6)	1,009,403	680,516
Freight charges	320,757	416,437
Rentals	299,986	442,571
Amortization of right-of-use assets (Note 7)	189,347	112,746
Government charges	87,762	61,918
Social insurance	79,176	89,346
Inventory items handling charges	-	11,124
Advertising	-	476,161
Others	387,793	690,225
<b>Total</b>	<u><u>9,392,627</u></u>	<u><u>6,328,633</u></u>

**24. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Salaries, wages, and equivalents	1,353,853	2,117,543
Bank charges	549,492	373,809
Professional and advisory fees	1,193,511	467,960
Social insurance	241,483	251,692
Depreciation of right-of-use assets (Note 7)	276,970	161,521
Government charges	229,303	287,026
Depreciation of property and equipment (Note 6)	570,537	322,578
Phone, mail, electricity and water utilities	17,643	105,755
Travel and transportation	18,763	30,076
Stationery and prints	18,146	14,619
Medical care and insurance	82,715	-
Hospitality and cleanliness	-	39,551
Others	211,424	491,506
<b>Total</b>	<u><u>4,763,840</u></u>	<u><u>4,663,636</u></u>

Professional and advisory fees include audit fee for the year amounting to ₪ 153,000 (2024: ₪ 115,000) and mid-year review fee amounting to ₪ 65,000 (2024: 65,000).

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**25. FINANCE COST**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Finance cost of short-term borrowings	<b>1,201,487</b>	1,322,962
Finance cost of long-term borrowings	<b>1,325,506</b>	923,075
Interest on lease liabilities against right of use assets (Note 7)	<b>115,692</b>	114,432
Interest on end of service	<b>40,380</b>	53,598
<b>Total</b>	<b><u>2,683,065</u></b>	<b><u>2,414,067</u></b>

**26. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the income / (loss) by the weighted average number of common shares outstanding during the financial year, adjusted for the number of common shares repurchased or issued during the year. There is no dilution of shares. Earnings per share is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Net profit attributable to ordinary shareholders	<b>4,096,894</b>	4,742,088
Weighted average number of common shares in issue	<b>1,950,000</b>	1,950,000
Basic and diluted earnings per share	<b><u>2.10</u></b>	<b><u>2.43</u></b>

**Weighted average number of shares outstanding during the year is as follows:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Weighted average number of common shares in issue at the end of the year	<b>1,950,000</b>	1,705,357

**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The major financial risks of the Company relate to market risks (including cash flow risk and fair value interest rate risk), credit risk, and liquidity risk. The Company is not exposed to foreign currency risks as the Company's transactions are in Saudi Riyals. The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in these financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies.

The Company's financial function assists the Board of directors in fulfilling their responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board of Directors is to set policies that seek to mitigate risks.

**Cash flow and fair value of interest rate risks**

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows.

The Company's receivables and payables measured at amortized cost are not exposed to interest rate risk as defined in IFRS 7 as market interest rate fluctuations would not affect the carrying amount or future cash flows. Therefore, the Company is not exposed to fair value interest rate risk.

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**27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Sensitivity analysis:**

The following table depicts the sensitivity to a reasonably possible change in interest rates, with other variables held constant, on the income. There is no direct impact on the Company's equity.

	<b>Statement of Comprehensive Income</b>			
	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>+ 100 bps</b>	<b>- 100 bps</b>	<b>+ 100 bps</b>	<b>- 100 bps</b>
Floating-rate borrowings	<b>(258,130)</b>	<b>258,130</b>	(185,804)	185,804
Cash flow fluctuations	<b>258,130</b>	<b>(258,130)</b>	185,804	(185,804)

**Foreign Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when future transactions, assets and liabilities are recognized in a currency other than SAR. The Company's foreign currency exposure is mainly limited to Euro, Indian rupees and US dollar transactions. The management believes that foreign currency exposures are minimal, as ₪ is pegged to the US dollar, and Euro and Indian rupees exchange rate fluctuations are monitored on an ongoing basis.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Cash is deposited with banks with good credit ratings. The Company seeks to limit credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Trade receivables	<b>44,638,215</b>	31,482,527
Other assets included in (Prepayments and other current assets)	<b>8,880,569</b>	13,897,870
Cash and Cash equivalents	<b>6,820,126</b>	514,142
<b>Total</b>	<b>60,338,910</b>	45,894,539

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance.

The following is the bank credit rating and balances at the banks that the Company transacts business with during the two years ended as of 31 December:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Credit Rating:</b>		
A	<b>6,051,178</b>	-
A+	<b>51,080</b>	98,171
A-	<b>695,209</b>	407,042
	<b>6,797,467</b>	505,213

## 27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Liquidity Risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value.

The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

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

	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<b>31 December 2025</b>			
Long - term borrowings	8,181,479	6,307,100	<b>12,363,216</b>
Short-term borrowings	13,449,812	-	<b>13,449,812</b>
Lease liabilities against right of use assets	607,299	451,095	<b>1,058,394</b>
Trade payables	1,078,716	-	<b>1,078,716</b>
Other current liabilities (included in accrual and other current liabilities)	381,452	-	<b>381,452</b>
<b>Total</b>	<b><u>23,698,758</u></b>	<b><u>6,758,195</u></b>	<b><u>28,331,590</u></b>
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<b>31 December 2024</b>			
Long - term borrowings	3,674,873	6,001,248	9,676,121
Due to related parties	117,748	-	117,748
Short-term borrowings	8,949,527	-	8,949,527
Lease liabilities against right of use assets	325,428	1,105,344	1,430,772
Trade payables	4,170,378	-	4,170,378
Other current liabilities (included in accrual and other current liabilities)	1,610,664	-	1,610,664
<b>Total</b>	<b><u>18,848,619</u></b>	<b><u>7,106,592</u></b>	<b><u>25,955,211</u></b>

### Fair value

Fair value is the amount for which an asset could be exchanged or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or most advantageous market must be accessible by the Company, the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset considers the ability of market parties to provide economic benefits by using the asset for the best benefit, or by selling it to another market party for the best benefit.

The Company uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the the financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- **Level 1:** prices that are quoted in active markets for identical assets or liabilities.
- **Level 2:** other valuation techniques in which the lowest level of significant inputs is directly or indirectly observable to the fair value measurement.
- **Level 3:** Other valuation techniques in which the lowest level inputs that are significant are not observable to the fair value measurement.

## INTELLIGENT OUD COMPANY FOR TRADING

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

### 27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### Fair value (continued)

For assets and liabilities recognized in the financial statements on an ongoing basis, the Company determines whether transfers have taken place between levels of the hierarchy above by reassessing categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amount of financial assets that cannot be measured at fair value approximates its fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

The fair value measurement hierarchy is not presented because all the financial assets and liabilities of the company are measured at Amortized cost. Amortized cost is reasonable approximation of their fair value because of the nature of these balances.

#### Capital Risk Management

The Board's policy is to maintain an efficient and strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed to safeguard its ability to continue as a going concern so that it can provide returns to the shareholders and benefits to other stakeholders.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Borrowings (Note 16)	25,813,028	18,625,648
Total assets	<u>82,817,816</u>	<u>74,179,200</u>
<b>Debt to total assets ratio</b>	<u><b>31%</b></u>	<u><b>25%</b></u>

#### Commodity price risk

The commodity price risk is the risk of fluctuation in the prices of certain commodities, which can expose the Company to undesirable impacts on its costs and cash flows. Risk for the prices of basic commodities can arise from the expected purchases of certain raw materials used by the Company.

The sensitivity of commodity prices to reasonably possible change in interest rates by 5% has no direct impact on the Company's equity.

### 28. SEGMENT INFORMATION

Given the nature of the Company's operations, it is considered a single segment; therefore, segment information is not presented.

### 29. SUBSEQUENT NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The company has planned to issue Local Sukuk denominated in Saudi riyals, compliant with Shariah principles, with priority status and a fixed profit rate. The company has obtained the approval of relevant authorities to issue the said debt instrument with a total value, not exceeding SAR 300 million to be executed in tranches, and offering dates to be determined for each issuance series based on company's requirement and market conditions.

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

**INTELLIGENT OUD COMPANY FOR TRADING**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

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**30. CONTINGENCIES AND CAPITAL COMMITMENTS**

There are no contingencies or capital commitments as of 31 December 2025.

**31. COMPARATIVE FIGURES**

Certain comparative figures for the year ended 31 December 2024, have been reclassified to conform to the presentation for current year.

**32. APPROVAL OF THE FINANCIAL STATEMENTS**

The Company's financial statements for the year ended 31 December 2025 were approved by the Board of Directors on 11 Shawwal 1447H, corresponding to 30 March 2026.