

**KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**KEIR INTERNATIONAL COMPANY  
(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 KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the financial statements of Keir International Company (A Saudi Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Basis for Qualified Opinion**

During the year ended 31 December 2024, the management restated revenue and related accounts for prior years. However, no corresponding adjustments were made to the cost of revenue for the year ended 31 December 2023 nor to the accrued project costs as at that date. Consequently, we were unable to verify the accuracy of the comparative financial information related to cost of sales for the year ended 31 December 2024 through alternative audit procedures, nor able to determine whether any adjustments might be necessary to the financial statements for the year ended 31 December 2024.

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 to the financial statements, which indicates that the Company has a net loss of ﷲ 45.8 million during the year ended 31 December 2025 (2024: net profit of ﷲ 0.5 million) and, as of that date, the Company's accumulated losses amounted to ﷲ 148.4 million (2024: ﷲ 114.4 million) which exceeded its share capital. These events and conditions, along with other matters as further described in Note 2, indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF KEIR INTERNATIONAL COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**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 our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern* Sections, we have determined the matter described below to be the key audit matter to be communicated in our report.

For each key audit matter, a description of how our audit addressed the matter is set out below:

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>During the year ended 31 December 2025, the Company recognized revenue of <b>ﷲ</b> 176.2 million (2024: <b>ﷲ</b> 263.8 million). The Company generates revenue from a mix of contracts with customers, which are recognized either over time or at a point in time:</p> <p><b>1. Revenue recognized over time</b></p> <p>a. Power and telecom infrastructure projects: Long-term contracts covering high, medium and low voltage power networks and substations, as well as telecom and fiber projects including minor maintenance emergency work.</p> <p>b. Software implementation and solutions projects: Contracts to design, customize and implement software solutions for customers.</p> <p>c. Operation and maintenance (O&amp;M) services: Long-term contracts to operate, monitor and maintain customers' communication and information technology systems and related infrastructure.</p> <p>d. Planning and design services: planning and engineering design services (network layouts, technical drawings, and related documentation)</p> <p>Revenue from the above-mentioned streams is recognized over time using the output method, based on customer-certified progress (contractual milestones, progress certificates, certificates of completion, and customer acceptances).</p> <p><b>2. Revenue recognized at a point in time</b></p> <p><b>Sale of goods:</b> This revenue stream includes the sale of SIM cards and security devices.</p> <p>Revenue related to above revenue stream is recognized at a point in time when the related goods or services are delivered and accepted by the customer.</p> <p>We have identified revenues recognition as a key audit matter because: Revenue is one of the Company's performance indicators and that gives rise to an inherent risk that revenue may be overstated to meet targets or expectations.</p> <p>Refer to following notes relating to the matter</p> <ul style="list-style-type: none"> <li>- Note 5.15 for the accounting policy</li> <li>- Note 6 for judgement related to revenue; and</li> <li>- Note 26 for revenue disclosure.</li> </ul>	<p>In order to evaluate the revenue recorded and reported during the year, we performed, among other audit procedures, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process adopted by management to measure and recognize revenue from contracts with customers, including key controls in this process.</li> <li>• Evaluated the design and implementation of key controls associated with revenue from contract with customers processes.</li> <li>• Assessed the appropriateness of the Company's revenue recognition accounting policies and their compliance with the applicable accounting standards, including IFRS 15.</li> <li>• In relation to the criteria followed by the management to determine revenue to be recognized, we have, on a sample basis, performed the following:             <ul style="list-style-type: none"> <li>◦ Evaluated management's assessment related to identification of performance obligations in line with the terms and conditions of contracts with customers</li> <li>◦ Tested the transaction price to the underlying contracts as executed with customers.</li> <li>◦ Evaluated management assessment of revenue recognition timing, whether is "at a point in time" or "over period of time"</li> <li>◦ Verified revenue transactions by agreeing them to customer acceptances, acknowledgements and certificates of completions for the services rendered and goods delivered for the recorded amount, to assess whether revenue has been measured and was recognized appropriately.</li> </ul> </li> <li>• Assessed the adequacy and appropriateness of the related disclosures regarding revenue in the notes to the financial statements.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE SHAREHOLDERS OF KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Other Information included in the Company's 2025 Annual Report**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Company's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance, i.e. the 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 ISAs 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE SHAREHOLDERS OF KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

- 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 identify during our audit.

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

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.

**Report on Other Legal and Regulatory Requirements**

As at 31 December 2025, the Company's accumulated losses exceeded its share capital, accordingly the Board of Directors of the Company is in process to comply with the requirements as stipulated under article 132 of the companies' law in the Kingdom of Saudi Arabia and as prescribed by the Capital Market Authority. Certain actions have been taken as defined in notes 29 & 30.

For Alulhaid & Alyahya Chartered Accountants



**Turki A. Alulhaid**  
Certified Public Accountant  
License No. (438)

Riyadh: 25 Dhu Al-Qi'dah 1447H  
(12 May 2026)



**KEIR INTERNATIONAL COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<i>Note</i>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	7	35,243,213	34,205,719
Investment properties	8	17,455,315	17,750,656
Intangible assets	9	1,300,315	2,658,777
Right-of-use assets	10	1,422,520	2,204,208
<b>TOTAL NON-CURRENT ASSETS</b>		<u>55,421,363</u>	<u>56,819,360</u>
<b>CURRENT ASSETS</b>			
Inventories		10,397,517	7,388,349
Trade receivables	11	55,586,766	72,282,484
Contract assets	12	175,459,749	190,761,715
Prepayments and other receivables	13	49,429,956	54,020,949
Cash at banks		2,260,570	14,035,105
<b>TOTAL CURRENT ASSETS</b>		<u>293,134,558</u>	<u>338,488,602</u>
<b>TOTAL ASSETS</b>		<u>348,555,921</u>	<u>395,307,962</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	120,000,000	120,000,000
Share premium		41,770,250	41,770,250
Statutory reserve		13,573,347	13,573,347
Accumulated losses		(148,434,801)	(114,441,576)
<b>TOTAL EQUITY</b>		<u>26,908,796</u>	<u>60,902,021</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans - non-current portion	17	1,300,000	9,900,000
Employees' defined benefits obligations	16	3,693,010	3,266,487
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,993,010</u>	<u>13,166,487</u>
<b>CURRENT LIABILITIES</b>			
Loans - current portion	17	9,678,542	7,683,972
Short term borrowings	17	90,373,644	62,198,662
Lease liabilities - current portion	10	-	588,788
Trade payables		50,004,680	54,084,224
Accrued expenses and other payables	18	61,292,533	104,079,435
Due to related parties	14	31,768,940	800,000
Contract liabilities	19	71,660,369	84,895,253
Zakat payable	20	1,875,407	6,909,120
<b>TOTAL CURRENT LIABILITIES</b>		<u>316,654,115</u>	<u>321,239,454</u>
<b>TOTAL LIABILITIES</b>		<u>321,647,125</u>	<u>334,405,941</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>348,555,921</u>	<u>395,307,962</u>



**Chief Financial Officer**  
Yaman Aydin



**Chief Executive Officer**  
Abdallah bin Audah bin Saad  
Alshahrani



**Chairman Board of Directors**  
Osama bin Fares bin Saeed  
Alowedi

The accompanying notes from 1 to 31 form an integral part of these financial statements.

**KEIR INTERNATIONAL COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	For the year ended 31 December	
		2025	2024
Revenue	26	176,172,372	263,788,210
Cost of revenue		(152,947,979)	(207,064,472)
<b>GROSS PROFIT</b>		<b>23,224,393</b>	<b>56,723,738</b>
General and administrative expenses	21	(36,878,809)	(32,514,897)
Expected credit losses and other provisions	11,12,13	(26,158,971)	(17,580,541)
<b>OPERATING (LOSS) / PROFIT</b>		<b>(39,813,387)</b>	<b>6,628,300</b>
Other income	23	3,146,080	2,042,660
Finance cost	22	(8,257,857)	(7,057,077)
<b>(LOSS) / PROFIT FOR THE YEAR BEFORE ZAKAT</b>		<b>(44,925,164)</b>	<b>1,613,883</b>
Zakat expense	20	(872,772)	(1,154,504)
<b>NET (LOSS) /PROFIT FOR THE YEAR</b>		<b>(45,797,936)</b>	<b>459,379</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Remeasurement loss on defined benefits obligation	16	(181,670)	(250,462)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(181,670)</b>	<b>(250,462)</b>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>		<b>(45,979,606)</b>	<b>208,917</b>
Basic and diluted (loss) / earnings per share	24	(0.382)	0.004

  
 Chief Financial Officer  
 Yaman Aydin


  
 Chief Executive Officer  
 Abdulaziz bin Audah bin Saad  
 Alshahrani

  
 Chairman-Board of Directors  
 Osama bin Fares bin Saeed  
 Alowedi

The accompanying notes from 1 to 31 form an integral part of these financial statements.

**KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	Share capital	Share premium	Statutory reserve	Accumulated losses	Total Equity
<b>As at 1 January 2024</b>		120,000,000	41,770,250	13,573,347	(105,650,493)	69,693,104
Net profit for the year		-	-	-	459,379	459,379
Other comprehensive loss		-	-	-	(250,462)	(250,462)
<b>Total comprehensive income</b>		-	-	-	208,917	208,917
Dividend distribution	29	-	-	-	(9,000,000)	(9,000,000)
<b>Balance as at 31 December 2024</b>		120,000,000	41,770,250	13,573,347	(114,441,576)	60,902,021
Net loss for the year		-	-	-	(45,797,936)	(45,797,936)
Other comprehensive loss		-	-	-	(181,670)	(181,670)
<b>Total comprehensive loss</b>		-	-	-	(45,979,606)	(45,979,606)
Dividend waived by the majority shareholders	29	-	-	-	11,986,381	11,986,381
<b>Balance as at 31 December 2025</b>		120,000,000	41,770,250	13,573,347	(148,434,801)	26,908,796

  
Chief Financial Officer  
Yaman Aydin


  
Chief Executive Officer  
Abdulaziz bin Andah bin Saad Alshahrani


  
Chairman Board of Directors  
Osama bin Faraj bin Saad Alowedi


The accompanying notes from 1 to 31 form an integral part of these financial statements.

**KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	For the year ended 31 December	
		2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / Profit for the year before zakat		(44,925,164)	1,613,883
<b>Adjustments:</b>			
Depreciation of property and equipment	7	3,278,927	2,918,449
Amortization and impairment of intangible assets	9	1,358,462	181,431
Depreciation of right-of-use assets	10	781,688	860,999
Depreciation of investment properties	8	295,341	295,341
Employees' defined benefits cost	16	1,359,759	1,049,343
Expected credit losses and other provisions	11,12,13	26,158,971	17,580,541
Provision of slow-moving inventories		-	869,137
Gain on disposal of property and equipment	23	(411,993)	(28,696)
Finance cost	22	8,257,857	7,057,077
		(3,846,152)	32,397,505
<b>Working capital Change:</b>			
Inventories		(3,009,168)	12,992,478
Contract assets	12	1,258,971	(58,827,830)
Trade receivables	11	11,801,581	(15,802,244)
Prepayments and other receivables	13	(2,630,846)	(21,204,732)
Trade payables		(4,079,544)	2,026,740
Due from/to related parties	14	(938,941)	(240,001)
Accruals and other payables	18	(30,787,159)	11,690,524
Contract liabilities	19	(13,234,884)	83,713,938
<b>Cash flow (used in) / generated from operating activities</b>		<b>(45,466,142)</b>	<b>46,746,378</b>
Employees' defined benefits obligations paid	16	(1,311,569)	(1,417,893)
Zakat paid	20	(5,906,485)	(1,424,458)
Finance costs paid		(7,453,023)	(6,716,662)
<b>Net cash generated (used in) / generated from operating activities</b>		<b>(60,137,219)</b>	<b>37,187,365</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	(4,327,034)	(3,479,448)
Proceeds from disposal of property and equipment		422,606	28,696
Additions in intangible assets	9	-	(273,751)
<b>Net cash used in investing activities</b>		<b>(3,904,428)</b>	<b>(3,724,503)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid	10	(608,253)	(1,659,350)
Proceeds from short-term borrowings	17	252,817,406	174,431,845
Repayment of short-term borrowings	17	(224,642,424)	(186,115,609)
Proceeds from long-term borrowing	17	-	6,000,000
Repayment of long-term borrowing	17	(6,605,430)	(2,273,176)
Due to related parties	14	31,305,813	(8,104,812)
Dividend paid	29	-	(2,567,455)
<b>Net cash generated from / (used in) financing activities</b>		<b>52,267,112</b>	<b>(20,288,557)</b>
<b>Net change in cash and cash equivalents</b>		<b>(11,774,535)</b>	<b>13,174,305</b>
Cash and cash equivalents balances, beginning of the year		14,035,105	860,800
<b>Cash and cash equivalents balances, end of the year</b>		<b>2,260,570</b>	<b>14,035,105</b>
<b>Non-cash transactions</b>			
Remeasurement loss on defined benefits obligation	16	(181,670)	(250,462)
Dividend waived by the majority shareholders	29	11,986,381	-

  
Chief Financial Officer  
Yaman Aydin

  
Chief Executive Officer  
Abdulaziz bin Wudah bin Saad  
Alshahrani

  
Chairman Board of Directors  
Osama bin Fareej bin Saeed  
Alowedi

The accompanying notes from 1 to 31 form an integral part of these financial statements.

**KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

**1- ORGANIZATION AND ACTIVITIES**

Keri International Company, a Saudi Joint Stock Company, registered in Riyadh under the Commercial Register No. 1010237357 dated 12 Sha'ban 1428H (corresponding to 25 August 2007G). The share capital of the Company amounting to ﷲ 120 million divided into 120 million shares of ﷲ 1 each.

The Company is licensed to carry out the following activities: repair, maintenance and overhaul of military command, control and communications systems and military surveillance systems; general construction of residential buildings; general construction of non-residential buildings (such as schools, hospitals and hotels, etc.); construction of roads, streets, pavements and related road works; installation/laying of pipelines of various types for electricity, telecommunications and other purposes; repair and maintenance of wired and wireless telecommunications stations and towers, radar systems; electrical wiring works; telecommunications cabling works; network installations; installation and maintenance of security systems and equipment; road freight transport; transportation of goods and equipment (heavy transport); and repair and maintenance of military communications equipment.

The registered address of the Company is P.O. Box 87807, Riyadh 11652, Kingdom of Saudi Arabia.

These financial statements include the results and activities of the following branches:

<u>Commercial Register Number</u>	<u>Date</u>	<u>Location</u>
1010388751	20 Dhu al-Qidah 1434H (corresponding to 26 September 2013)	Riyadh
1010671625	17 Rabi II 1442H (corresponding to 2 December 2020)	Riyadh
1010237357	12 Sha'aban 1428H (corresponding to 25 August 2007)	Riyadh

**2- GOING CONCERN**

During the year ended 31 December 2025, the Company has a net loss of ﷲ 45.8 million (2024: net profit of ﷲ 0.46 million). and, as of that date, the Company's accumulated losses amounted to ﷲ 148.4 million (2024: ﷲ 114.4 million) which exceeded its share capital. In addition, the Company's current liabilities exceeded its current assets by ﷲ 23.5 million. The Company's ability to continue its operations is therefore highly dependent on improving operational performance and securing adequate financing to support its activities and growth. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management has assessed the Company's financial performance and working capital requirements over a period of five years period from the reporting date. The five-year business plan and going concern assessment are highly dependent on the successful execution of the following key assumptions:

Financing plans to support working capital:

- The Company obtained letters of financial support from its major shareholders confirming their intention to support the company for at least 12 months from the date of the financial statements approval.
- Availing of the unutilized limits of its existing financing facilities amounting to ﷲ 176 million in the form of letters of credit and guarantees to support project execution.
- Ongoing discussions with financial institutions to restructure its current debts and secure additional working capital lines.
- Ongoing discussions with a financial advisor to evaluate capital-restructuring options, including a potential capital increase through a rights issue and/or sukuk issuance.

Operational forecasts

- Execution and delivery of the existing project backlog of approximately ﷲ 460 million, primarily with government and semi government customers.
- Implementation of enhanced project monitoring processes to achieve cost efficiencies.
- Progress on expansion initiatives through submitted bids and new project opportunities.

Based on this assessment and the evidence available at the date of approval of these financial statements, management has concluded that the Company will be able to continue to meet its obligations as and when they fall due and that the going concern basis of preparation is appropriate. Accordingly, these financial statements have been prepared on a going concern basis.

**KEIR INTERNATIONAL COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**3- BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

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

These financial statements have been prepared under the historical cost convention, except for the employees' defined benefits obligations, which are measured using the present value of future obligations using the Projected Unit Credit Method as described in the accounting policies.

These financial statements are presented in Saudi Riyals (ﷲ), which is the Company's functional and presentation currency; all amounts are rounded to the nearest Saudi Riyal, unless otherwise indicated.

**4- NEW STANDARDS, INTERPRETATION AND AMENDMENTS**

**New and amended standards and interpretations**

The Company has adopted all amendments to standards issued by the International Accounting Standards Board ("IASB") as and when adopted by SOCPA that are mandatory for adoption in the annual periods beginning on or after 1 January 2025 and are applicable to the Company. The management has assessed that the amendments have no significant impact on the Company's financial statements.

**Amendments to IAS 21 – Lack of exchangeability:**

IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.

The adoption of the above amendment does not have any material impact on the financial statements during the year.

**Standards, amendments and interpretations issued but not yet effective**

The following standards, amendments, and interpretations were in issue at the date of authorization of these financial statements but are not yet effective and earlier application is permitted; 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 financial statements.

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: Disclosure	1 January 2026
Annual improvements to IFRS Accounting Standards	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management of the Company does not expect that the adoption of the above-mentioned standards will have a material impact on the Company's financial statements in future periods, except IFRS 18, which management is currently evaluating the impact of adoption on the financial statements.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION**

**5.1 Property and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to buyer. Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and is recognized within 'Other income' in the statement of profit or loss.

Depreciation is charged to the statement of profit and loss using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Depreciation method, useful lives and residual values are reviewed annually.

Depreciation is calculated using the straight-line basis over the estimated useful life of the assets as follows:

<u>Description</u>	<u>Percentage</u>
Site tools and light equipment	20%
Heavy equipment	20%
Buildings	5%
Furniture & fixtures	10%
Leasehold improvements	20%, or shorter lease term
Vehicles	20%
Computers	20%

Buildings and platforms and leasehold improvements are being amortized on the straight-line basis over the shorter of useful life or lease period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.2 Intangible Assets**

Intangible assets acquired separately are initially measured at cost, while those acquired through a business combination are measured at fair value as of the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets are not capitalized, except for capitalized development costs. Expenses related to internally generated intangible assets are recognized in the statement of profit or loss in the period in which they are incurred.

The useful lives of intangible assets are assessed to determine whether they are finite or indefinite. Intangible assets with a finite useful life are amortized over their estimated useful economic life, and the amortization expense is recorded in the statement of profit or loss. These assets are assessed for impairment whenever there is an indication of impairment. Additionally, the useful life and amortization method of finite-lived intangible assets are reviewed at least at the end of each financial period. Any changes in the expected useful life or method of consumption of future economic benefits are accounted for as changes in accounting estimates.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives 5 years.

When an intangible asset is derecognized, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the asset at the date of derecognition. The resulting gain or loss is recognized in the statement of profit or loss at the time of disposal.

**5.3 Investment Properties**

Investment properties are land and buildings held for purposes other than using it in Company's operating activities. The Company holds investment properties for rental income and/or capital appreciation purposes or both. Investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on straight line basis over the estimated useful life ie. 20 years. Investment properties also include property that is being constructed or developed for future use as investment properties. In addition, land, if any held for undetermined use is classified as investment properties and is not depreciated. When the development of investment properties commences, it is classified as "Assets under construction" until development is complete, at which time it is transferred to the respective category.

**5.4 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term and leases of low value assets as follows:

**Right-of-use assets**

The Company recognizes the right to use the assets on the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease commitments recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right to use the recognized assets is depreciated on a straight-line basis over the estimated useful life or the lease term, whichever is shorter. Right-of-use assets is subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the term of the lease. Lease payments consist of fixed payments (including embedded fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that the company is certain to exercise and the payment of lease termination penalties, if the lease term reflects that the company is exercising the option to terminate.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.4 Leases (Continued)**

**Lease liabilities (Continued)**

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Company uses the incremental borrowing rate at the inception date of the lease if the interest rate implicit in the lease is not readily identifiable. After the inception date, the amount of the lease liabilities is increased; to reflect the interest accumulation and a reduction in the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in guaranteed fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short term leases contracts**

The Company applies the short-term leases recognition exemption to short-term leases of land and buildings (i.e. leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expenses on a straight-line basis over the term of the lease.

**The Company as a lessor**

The Company has entered into lease contracts in relation to its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties, and therefore the Company records these contracts as operating leases. Income from lease contracts is recognized in the profit or loss using the straight-line method over the term of the lease contracts.

**5.5 Impairment of non-financial assets**

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 cost of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating unit, "CGU"). Non-financial assets other than goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does 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. A reversal of an impairment loss is recognized immediately in statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**5.6 Inventories**

Inventories are measured at cost or net realizable value, whichever is the lower. The cost of inventory is determined on the basis of the first-in, first-out method and includes the expenses incurred in acquiring inventory.

The net realizable value comprises the estimated selling price in the normal activity of the Company after deducting the estimated costs to complete the sale. The inventory movement is reviewed at the end of the year and a provision for slow or expired inventories is made if necessary.

**5.7 Financial Instruments**

Financial instruments are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that results in a financial asset for one entity and a financial liability or debt instrument for another entity.

**(i). Financial assets**

The Company classifies its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.7 Financial Instruments (Continued)**

***Classification***

Financial assets are classified into the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), or
- b) Those to be measured subsequently at amortized cost.

***Measurement***

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial assets. Transaction's costs of financial assets carried at fair value through profit or loss are expensed in profit or loss when incurred.

***Debt instrument***

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flows' characteristics of the asset. The Company classifies debt instruments at amortized cost based on the following:

- (a) The asset is held within a business model in order to collect contractual cash flows, and
- (b) The contractual terms give rise to specified cash flow dates that are only principal payments and commission on the outstanding principal amount.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

***Derecognition of financial assets***

The Company derecognizes financial assets when the contractual cash flows from the asset expire or or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the associated assets and liabilities for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the financial assets and records secured financing against the proceeds received.

***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (ECLs) for its financial assets. 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 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. 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 is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

***Definition of default:***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full (without taking into account any collateral held by the Company).

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.7 Financial Instruments (Continued)**

*Definition of default (continued)*

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 365 days past due (contract assets 540 days) unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**(ii). Financial liabilities**

The Company classifies its financial liabilities at initial recognition.

*Classification*

Financial liabilities are classified into the following measurement categories:

- (a) Those that are subsequently measured at fair value through profit or loss, and
- (b) Those that are subsequently measured at amortized cost.

*Measurement*

At initial recognition, the Company measures financial liabilities at its fair value less transaction costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, financial liabilities not measured at fair value through profit or loss (like borrowings and accounts payable) are measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of the debt instrument and of allocating the commission over the relevant effective interest period. The effective interest rate is the discounts rate of the estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or a shorter period where appropriate, to net book value on initial recognition.

*Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, the difference in respective carrying amounts is recognized in the profit and loss.

**(iii) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**5.8 Employees' Benefits Obligations**

*Post-employment obligations*

The Company provides end of service benefits to its employees in accordance with the labor law provisions of Kingdom of Saudi Arabia. The entitlement of these indemnities is based upon the employee's final salary, length of services and the completion of minimum service period. The costs of these indemnities are accrued over the period of employment, based on the estimated ultimate payment.

Re-measurement of employees defined benefit obligation, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in the subsequent periods.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.8 Employees' Benefits Obligations (Continued)**

Short-term obligations

The Company makes contributions in line with the General Organization for Social Insurance Regulations and are calculated as a percentage of employees' wages. Payments made to state managed retirement benefits schemes are dealt with as payments to defined benefits plans where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to defined contributions retirement benefit plans are charged as an expense as they fall due.

**5.9 Borrowings**

Borrowings are initially recognized at fair value less transactions' costs directly attributable to the borrowings. Borrowings are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the statement of financial position date, accordingly, liability is recognized at amortized cost using the effective interest rate method.

**5.10 Trade Payables And Accruals**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**5.11 Provisions**

Provisions are recognized when the Company has present obligations (legal or constructive) as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Company expects to recover some or all of the provision, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense related to the provision is presented in the profit and loss after deducting any recoveries.

If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate, which reflects the risks specific to the obligation, when appropriate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**5.12 Finance Cost**

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset and which requires a substantial period of time to be ready for its intended use or sale, are capitalized as part of the cost of that underlying asset. All other finance costs are charged to expenses in the period in which they are incurred. Finance costs include commission and other costs that the Company incurs in connection with the borrowing.

**5.13 Zakat**

The Company provides a provision for zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). The provision is charged to the profit and loss.

**5.14 Value Added Tax (Vat)**

Expenses and assets are recognized net of the amount of value added tax ("VAT"), except:

When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.15 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, taking into account the terms of payment specified in the contract and excluding amounts collected on behalf of third parties such as withholding taxes or similar charges.

Revenue is recognized when control of the goods or services promised in the contract is transferred to the customer. For contracts that contain multiple deliverables, management exercises judgement to determine whether each promised good or service gives rise to a separate performance obligation. In making this assessment, management considers whether the good or service is:

- Distinct – capable of being used on its own or together with other readily available resources, and
- Distinct within the context of the contract – not highly integrated with, or significantly modifying, other promised goods or services; or
- Part of a series of substantially the same distinct goods or services that are transferred to the customer in the same pattern of transfer.

At contract inception, the total transaction price is determined and allocated to the identified performance obligations based on their relative stand-alone selling prices. Revenue is recognized when (or as) the related performance obligations are satisfied. Where the consideration includes a variable amount, the transaction price is estimated using either the expected-value method or the most-likely-amount method, depending on which better predicts the amount of consideration to which the Company will be entitled, taking into account the nature of the contract. The inputs used in determining the transaction price include historical data, current market conditions, customer-specific factors and the specific terms of the contract. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is subsequently resolved.

For each performance obligation, the Company determines whether revenue is recognized over time or at a point in time. Revenue is recognized over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations that are satisfied over time, the Company selected a method of measuring progress that faithfully depicts the transfer of control of goods or services to the customer. Depending on the nature of the contract, the Company uses an output method (such as surveys of performance completed). When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately in profit or loss.

Changes in estimates of variable consideration or measures of progress for performance obligations satisfied over time are recognized on a cumulative catch-up basis; that is, the effect of the change is recognized in the current period as an adjustment to revenue, with a corresponding impact on future periods.

If a performance obligation does not meet the criteria for recognition of revenue over time, revenue is recognized at a point in time when control of the related goods or services passes to the customer in accordance with the terms of the contract.

The Company classifies revenue from contracts with customers based on the type of contract, the type of customer and the timing of revenue recognition, whether at a specific point in time or over time. Management believes that this approach provides a better illustration of how the Company's revenues and cash flows are affected by economic factors. The revenue recognition policies related to each type of contract are set out below:

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.15 Revenue Recognition (Continued)**

Service / Product	Nature and timing of satisfaction of performance obligations
Power connection projects (High, Midium, Low)	These are long-term contracts to design, supply, construct, test and commission high, medium, and low voltage substations and transmission lines. The works are integrated and accounted for as a single performance obligation. Revenue is recognized over time using the output method, based on customer-certified progress (progress certificates / certificate of completion), as this best reflects the transfer of control or objective evidence of progress of the works toward the satisfaction of the obligation.
Telecom and fiber projects	Contracts to design, supply and install fiber and telecom networks (including ducts, cables and related civil works) are treated as a single bundled performance obligation per work order. Revenue is recognized over time based on customer-certified progress, as the customer controls the infrastructure as it is constructed.
Minor maintenance emergency works	On-call maintenance and emergency repair jobs requested by customers are treated as separate performance obligations. These services are satisfied over time, as the customer simultaneously receives and consumes the benefits of the services as they are performed. Revenue is recognized over time using the output method, based on customer-certified work orders, job completion reports, or service tickets, which provide objective evidence of the extent of services performed and the transfer of control to the customer.
Planning and design works	The Company provides planning and engineering design services, including network layouts, technical drawings and related documentation. These services are satisfied over time, as the customer controls the work-in-progress and the outputs are contractually owned by the customer as they are created. Revenue is recognized over time using the output method, based on customer-approved milestones, design deliverables, or progress certifications, which reflect the proportion of services completed and the transfer of control of the deliverables to the customer.
Software implementation and solutions projects	Contracts to design, customize and implement software solutions for customers are treated as a single integrated performance obligation. Revenue is recognized over time, as the project progresses, using an output method based on contractual milestones and customer acceptance, because the customer obtains control of the software solution as it is developed and the Company has an enforceable right to payment for work completed to date.
Operation and maintenance (O&M) contracts	The Company enters into long-term contracts to operate, monitor and maintain customers' communication and information technology systems. Services are provided on a continuous basis over the contract term and are typically certified and invoiced timely based on completion reports approved by the customer. The contract is accounted for as a single performance obligation comprising a series of distinct monthly O&M services. Revenue is recognized over time using an output method, based on monthly customer certifications, as this best reflects the value of services transferred in each period.
Sale of raw SIM cards	The Company sells unused ("raw") SIM cards in bulk. These are standard goods held for resale. Revenue is recognized at a point in time, when control of the SIM cards passes to the customer, generally upon delivery to and acceptance by the customer.
Sale of security devices	Revenue from the sale of security devices (such as cameras, access-control equipment and related hardware) is recognized at a point in time when the devices are delivered to and accepted by the customer.

**(i) Contract assets**

The contract assets represents the right to consideration for the goods or services provided to the customer. Where the Company provides goods or services to a customer before the customer pays the consideration or before the amount becomes due, the contract asset is recognized for the unconditional right to consideration.

**(ii) Contract liabilities**

Contract liabilities represent the liability to transfer goods or services to a customer in exchange for the Company receiving consideration (or is entitled to an amount of consideration) from the customer. If the customer pays the consideration before the Company transfers the goods or services to him, he recognizes the contract obligations as revenue when the Company performs under the contract.

**5.16 Dividends**

Dividends are recorded in the financial statements in the period in which the distribution is authorized, and the distribution is no longer the discretion of the company. As per the Companies Regulation, a distribution is authorized when it is approved by the general assembly of shareholders.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.17 Contingent Liabilities**

Obligations that are likely to arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, and within the Company's full non-control, or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle Commitment. In the event of the inability to measure the amount of the obligation with sufficient reliability, it is not included in the contingent liabilities but is disclosed in the financial statements.

**5.18 Segment Reports**

An operating segment is a component of a Company that engages in business activities from which it can earn revenues and incur expenses and includes revenues and expenses related to transactions with any of the other components of the company. All operating segments' operating results are reviewed by the Company's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**5.19 Fair Value Measurement**

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

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

The principal market or the most advanced 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 interest.

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (eg prices) or indirectly (eg derived from prices).
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (the unobservable input).

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

At each reporting date, the Company analyzes 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 with the information in the valuation computation to contracts and other relevant documents.

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**5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**5.19 Fair Value Measurement (Continued)**

The Company also compares the change in the fair value of each asset or liability with relevant external sources to determine whether the change is reasonable, for fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**6- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements, in conformity with IFRS accounting standards, requires management to make judgments, estimates and assumptions at the date of preparing the financial statements that may affect the amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the risks and uncertainties to which the Company is exposed include the following:

- Provision for expected credit losses – (note 11,12,13)
- Disclosures about sensitivity analysis – (note 16)
- Financial risk management objectives and policies – (note 28)

These estimates and assumptions are based on experience and other various factors that are believed to be reasonable in the circumstances and are used to measure the carrying amounts of assets and liabilities that are difficult to obtain from other sources. The underlying estimates and assumptions are reviewed on an ongoing basis. Revision on accounting estimates is recognized during the period in which the estimates are revised.

**Judgements**

In the process of applying the Company's accounting policies, which are described in note 5, management has made the following critical judgements that have the most significant effect on the amounts recognized in the financial statements.

**a. Assessment of Principal vs Agent and performance obligations**

The Company assessed that it is acting as a principal where it is responsible for making the decisions around effective utilization of internal resources and/or vendors/sub-contractor in implementation services and in the eventual delivery of the deliverables fulfilling the customer's requirements. Where the Company is the primary obligor within the context of the contract and has the direct responsibility to provide the services, the revenue is recorded on a gross basis as a principal. The Company further assesses whether the promises under these contracts involve a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted. Accordingly, the Company assesses its promises to transfer goods or services to the customer under these contracts are not separately identifiable within the context of the contract and represents a single performance obligation to build the network connection for the customer.

In addition, under the terms of the Power, Telecom, Software and Operation and maintenance contracts, the Company assesses that its performance creates an asset that the customer controls as the asset is created and recognizes revenue over the period of the contract as the performance obligation is satisfied over time. The Company applies the output method to recognize revenue based on milestones that have been acknowledged or accepted by the customer.

**b. Determine the leases' term that include renewal and termination options**

The Company defines the lease term as the non-cancellable lease term plus any periods covered by an option to extend the lease if that option 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.

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**6- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**Estimates and assumptions**

The significant estimates and assumptions made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are as follows:

**a. Uncertain zakat positions**

The Company's current zakat payable relates to the management's assessment of the amount of zakat payable on the open zakat positions, as the Company still has to wait for the review by the ZATCA for those zakat returns submitted and the agreement and acceptance of the final obligation amounts. Due to the uncertainty associated with these zakat items, it is possible that the final result will differ significantly when the final assessment is issued by the ZATCA in future periods. The status of the Zakat assessments is disclosed in (note 20).

**b. Measurement of employees' defined benefits obligations**

Employee' end of service benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables like discount factor, salary increase rate, mortality rates and employees' turnover. The Company's management periodically takes advice from external actuarial experts on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

**c. Leases - determining the discount rate for lease payments**

The Company cannot easily determine the interest rate implicit in the lease agreement, so it uses the incremental borrowing rate ("IBR") to measure the lease liabilities. The incremental borrowing rate is the rate of interest that a Company would have to pay to borrow, over a similar period and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate is what the Company "has to pay", which requires an estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available. Management exercise judgment in determining the IBR at the commencement date.

The Company has a number of lease contracts that contain extension or termination clauses. The Company applies judgments when assessing whether it is reasonably certain to exercise the option to renew or terminate a lease as it considers all relevant factors that would create an economic benefit to exercise the renewal or termination option. The Company reassesses the lease term if a significant event occurs that may affect its ability to exercise or not to exercise the option to renew or terminate the lease.

**d. Provisions**

Provisions, based on its nature, depend on estimates and evaluations as to whether the recognition criteria are met, including an estimate of the amounts likely to be settled. Provisions for notes are based on an estimate of likely costs to be incurred based on management's estimates and other available information. Provisions for uncertain obligations include management's best estimate of whether the cash outflows are probable.

**e. Provision for impairment of financial assets**

Loss allowances for financial assets using simplified approach are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and determining the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward looking estimates at the end of each reporting period.

**f. Useful lives of property and equipment**

Management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected use of the asset. Management annually reviews the residual value and useful lives of these assets and future depreciation is considered when management believes that there is a difference between the useful lives and previous estimates.

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7- PROPERTY AND EQUIPMENT

Cost:	Site work and											Capital Work in progress	Total
	Land	Buildings	equipment	Heavy Equipment	Furniture & fixture	Leased hold improvements	Vehicles	Computers					
As at 1 January 2024	15,253,345	5,783,581	4,044,177	7,277,703	1,565,315	438,992	13,517,209	1,898,840	3,965,028	53,744,190			
Additions during the year	-	-	213,087	69,019	67,032	-	1,349,286	272,044	1,508,980	3,479,448			
Dispose during the year	-	-	-	-	-	-	(133,000)	-	-	(133,000)			
As at 31 December 2024	15,253,345	5,783,581	4,257,264	7,346,722	1,632,347	438,992	14,733,495	2,170,884	5,474,008	57,090,638			
Additions during the year	-	-	383,789	195,000	7,774	-	861,710	22,787	2,855,974	4,327,034			
Transfers from C/WIP	-	-	8,329,982	-	-	-	-	-	(8,329,982)	-			
Disposals during the year	-	-	-	(891,146)	-	-	(1,316,716)	(2,600)	-	(2,210,462)			
As at 31 December 2025	15,253,345	14,113,563	4,641,053	6,650,576	1,640,121	438,992	14,278,489	2,191,071	-	59,207,210			
Accumulated Depreciation:													
As at 1 January 2024	-	1,662,753	2,725,637	6,383,943	744,212	438,992	6,735,797	1,408,136	-	20,099,470			
Charge during the year	-	289,174	446,118	250,115	131,422	-	1,605,877	195,743	-	2,918,449			
Disposals during the year	-	-	-	-	-	-	(133,000)	-	-	(133,000)			
As at 31 December 2024	-	1,951,927	3,171,755	6,634,058	875,634	438,992	8,208,674	1,603,879	-	22,884,919			
Charge during the year	-	705,667	514,702	242,141	128,884	-	1,466,075	221,458	-	3,278,927			
Disposals during the year	-	-	-	(891,146)	-	-	(1,308,270)	(433)	-	(2,199,849)			
As at 31 December 2025	-	2,657,594	3,686,457	5,985,053	1,004,518	438,992	8,366,479	1,824,904	-	23,963,997			
Net book value:													
As at 31 December 2025	15,253,345	11,455,969	954,596	665,523	635,603	-	5,912,010	366,167	-	35,243,213			
As at 31 December 2024	15,253,345	3,831,654	1,085,509	712,664	756,713	-	6,524,821	567,005	5,474,008	34,205,719			

As of 31 December 2025, property and equipment included land and buildings with a carrying value of  $\text{SAR } 26.7$  million which are pledged as collateral against the Company's loans obtained from Saudi National Bank and Yammal Financing Company. The pledged assets comprise: (i) a land plot in Al Dar Al Baida, Riyadh, under title deed No. 910146001462, with a carrying value of  $\text{SAR } 16.5$  million, mortgaged in favour of Yammal Financing Company; and (ii) land and building in Al Malqa, Riyadh, under title deed No. 310125028296, with a carrying value of  $\text{SAR } 10.2$  million, mortgaged in favour of Saudi National Bank.

Allocation of depreciation charge is as follows:

	2025	2024
Cost of revenue	821,148	1,198,175
General and administration expenses (note 21)	2,457,779	1,720,274
	3,278,927	2,918,449

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**8- INVESTMENT PROPERTIES**

<u>Cost</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>
As at 1 January 2025	15,023,140	6,557,219	21,580,359
As at 31 December 2025	15,023,140	6,557,219	21,580,359
<u>Accumulated depreciation</u>			
As at 1 January 2024	-	3,534,362	3,534,362
Charge for the year	-	295,341	295,341
As at 31 December 2024	-	3,829,703	3,829,703
Charge for the year	-	295,341	295,341
As at 31 December 2025	-	4,125,044	4,125,044
<u>Net book value:</u>			
As at 31 December 2025	15,023,140	2,432,175	17,455,315
As at 31 December 2024	15,023,140	2,727,516	17,750,656

Investment properties include properties located in Al Yasmin district, Riyadh, comprising plots 1551 and 1552, and in Al Qadisiyah district, Riyadh, comprising plots 451 and 452, which are owned by KEIR International Company under absolute ownership. The fair value of these investment properties was determined by Al Nama Professional Consulting Co. and its partner, Abdulaziz Saleh Alghamdi, an accredited valuer licensed by the Saudi Authority for Accredited Valuers, holding license/membership number 1210000930. Al Nama Professional Consulting Co. and its partner are independent valuers, not related to the Company, and possess recognized and relevant professional qualifications and recent experience in valuing similar real estate assets.

The valuations were prepared for accounting purposes on a fair value basis in accordance with the International Valuation Standards 2025. The commissioning date, inspection date and report date were 23 February 2026, while the valuation date was 31 December 2025. Based on the valuation reports, the fair value of the Al Yasmin property amounted to **ﷲ** 26.6 million and the fair value of the Al Qadisiyah property amounted to **ﷲ** 13.5 million, resulting in a total fair value of **ﷲ** 40.1 million. The valuations were based on the cost approach.

**31 December 2025**

<i>Description</i>	<i>Valuation approach</i>	<i>Key assumptions</i>	<i>Range</i>	<i>Fair Value</i>
Investment property – Al Yasmin district, Riyadh (land and building)	Land: comparable market evidence and adjustments	Comparable market unit rate (ﷲ /sqm)	15,300 – 17,000 per sqm	26,620,000
	Building: replacement cost	Replacement cost using cost rates per sqm plus indirect costs	5%–15% (indirect costs/profit); depreciation 2.5% p.a. (factor 28%)	
Investment property – Al Qadisiyah district, Riyadh (land and building)	Land: comparable market evidence and adjustments	Comparable market unit rate (ﷲ /sqm)	1100 – 3000 per sqm	13,501,000
	Building: replacement cost	Replacement cost using cost rates per sqm plus indirect costs	5% (indirect costs/profit); depreciation 3% p.a. (factor 30%)	

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**8- INVESTMENT PROPERTIES (CONTINUED)**

31 December 2024

Description	Valuation approach	Key assumptions	Range	Fair Value
Investment property – Al Yasmin district, Riyadh (land and building)	Land: comparable market evidence and adjustments	Comparable market unit rate (ﷲ /sqm)	12,870 – 15,300 per sqm	24,155,000
	Building: replacement cost	Replacement cost using cost rates per sqm plus indirect costs	5%–15% (indirect costs/profit); depreciation 2.5% p.a. (factor 25%)	
Investment property – Al Qadisiyah district, Riyadh (land and building)	Land: comparable market evidence and adjustments	Comparable market unit rate (ﷲ /sqm)	1,617 – 3,080 per sqm	11,781,000
	Building: replacement cost	Replacement cost using cost rates per sqm plus indirect costs	5% (indirect costs/profit); depreciation 3% p.a. (factor 30%)	

**Fair value hierarchy**

These fair value measurements would typically be classified within Level 3 of the fair value hierarchy.

The amounts recognized in the statement of profit or loss and other comprehensive income for investment properties are as follows:

	2025	2024
Rent income (note 23)	1,558,893	1,525,222
Depreciation of investment properties (note 21)	295,341	(295,341)

**9- INTANGIBLE ASSETS**

	31 December 2025	31 December 2024
<b>Cost:</b>		
As at 1 January	3,052,921	2,779,170
Additions during the year	-	273,751
As at 31 December	<u>3,052,921</u>	<u>3,052,921</u>
<b>Accumulated amortization and impairment:</b>		
As at 1 January	394,144	212,713
Charge during the year (Note 21)	357,564	181,431
Impairment during the year (Note 21)	1,000,898	-
As at 31 December	<u>1,752,606</u>	<u>394,144</u>
<b>Net book value</b>	<u>1,300,315</u>	<u>2,658,777</u>

During the year 2025, the Company recognized an impairment loss of ﷲ 1 million in respect of a software system. The impairment was recorded following the identification of indicators of impairment, including limited utilization of the system and the absence of expected economic benefits. Management reassessed the recoverable amount of the asset in accordance with IAS 36 and determined that the carrying amount was not recoverable. Accordingly, the asset was fully impaired and the related costs were written off to the statement of profit or loss and other comprehensive income.

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**10- RIGHT OF USE ASSETS AND LEASE LIABILITIES**

**10.1 Right of use assets**

	<b>Equipment</b>	<b>Vehicles</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>				
As at 1 January 2024	3,253,812	654,626	762,150	4,670,588
Disposals during the year	-	-	(762,150)	(762,150)
As at 31 December 2024	3,253,812	654,626	-	3,908,438
As at 31 December 2025	3,253,812	654,626	-	3,908,438
<b>Accumulated Depreciation:</b>				
As at 1 January 2024	813,450	109,100	682,831	1,605,381
Charge for the year	650,743	130,937	79,319	860,999
Disposals during the year	-	-	(762,150)	(762,150)
As at 31 December 2024	1,464,193	240,037	-	1,704,230
Charge for the year	650,762	130,926	-	781,688
As at 31 December 2025	2,114,955	370,963	-	2,485,918
<b>Net book value</b>				
As at 31 December 2025	1,138,857	283,663	-	1,422,520
As at 31 December 2024	1,789,619	414,589	-	2,204,208

Depreciation has been charged for the year as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Cost of revenue	571,255	606,409
General and administration expenses (note 21)	210,433	254,590
	<b>781,688</b>	<b>860,999</b>

**10.2 Lease liabilities**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Balance as at 1 January	588,788	2,104,386
Interest charged during the year	19,465	143,752
Paid during the year	(608,253)	(1,659,350)
As at 31 December	-	588,788

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

	<b>31 December 2025</b>	<b>31 December 2024</b>
Current portion	-	588,788

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11- TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables	75,876,005	87,343,903
Retention receivables	6,371,709	6,705,392
	<u>82,247,714</u>	<u>94,049,295</u>
Less: Allowance for expected credit losses - Receivables	(22,859,602)	(21,766,811)
Less: Allowance for expected credit losses - Retention	(3,801,346)	-
	<u>55,586,766</u>	<u>72,282,484</u>

Type of customers:

	31 December 2025	31 December 2024
Private entities	50,739,267	54,972,728
Semi-government entities	26,569,853	28,035,099
Government entities	4,938,594	10,347,080
Related parties	-	694,388
	<u>82,247,714</u>	<u>94,049,295</u>

The movement in the allowance for expected credit losses is as follows:

	2025	2024
As at 1 January	21,766,811	6,138,261
Provision for the year	4,894,137	15,628,550
As at 31 December	<u>26,660,948</u>	<u>21,766,811</u>

The ageing analysis of trade receivables and allowance for expected credit losses as at December 31 is as follows:

	31 December 2025			31 December 2024		
	ECL rate	Carrying amount	Expected credit loss	ECL rate	Carrying amount	Expected credit loss
1 to 90 days	0.13%	31,593,123	42,293	0.05%	42,282,173	22,440
91 to 180 days	2.01%	14,951	300	1.02%	2,385,056	24,230
181 to 270 days	6.20%	386,113	23,923	3.16%	298,816	9,444
271 to 365 days	15.50%	1,010,545	156,603	18.01%	25,205,660	4,538,499
More than 365	52.80%	42,871,273	22,636,483	100.00%	17,172,198	17,172,198
		<u>75,876,005</u>	<u>22,859,602</u>		<u>87,343,903</u>	<u>21,766,811</u>

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**12- CONTRACT ASSETS**

Contract assets relate to the Company's right to receive consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables as per agreed billing terms. This occurs when the Company issues an invoice to the customer.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Contract assets	199,646,391	200,905,362
Less: Allowance for expected credit losses	<u>(24,186,642)</u>	<u>(10,143,647)</u>
	<u>175,459,749</u>	<u>190,761,715</u>

Type of customers:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Private entities	18,785,721	21,753,921
Semi-government entities	165,854,570	165,311,278
Government entities	<u>15,006,100</u>	<u>13,840,163</u>
	<u>199,646,391</u>	<u>200,905,362</u>

The movement in the allowance for expected credit losses is as follows:

	<u>2025</u>	<u>2024</u>
As at 1 January	10,143,647	12,013,166
provision / (reversal) for the year	<u>14,042,995</u>	<u>(1,869,519)</u>
As at 31 December	<u>24,186,642</u>	<u>10,143,647</u>

The ageing analysis of contract assets as at December 31 is as follows:

	<u>31 December 2025</u>			<u>31 December 2024</u>		
	ECL rate	Carrying amount	Expected credit loss	ECL rate	Carrying amount	Expected credit loss
1 to 540 days	6.51%	187,680,068	12,220,319	3.10%	196,860,576	6,098,861
Above 540 days	100.00%	<u>11,966,323</u>	<u>11,966,323</u>	100.00%	<u>4,044,786</u>	<u>4,044,786</u>
		<u>199,646,391</u>	<u>24,186,642</u>		<u>200,905,362</u>	<u>10,143,647</u>

The movement in the contract assets as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
As at 1 January	200,905,362	142,077,532
Value of work performed during the year	176,172,372	263,664,073
Less: progress billing during the year	<u>(177,431,343)</u>	<u>(204,836,243)</u>
As at 31 December	<u>199,646,391</u>	<u>200,905,362</u>

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**13- PREPAYMENTS AND OTHER RECEIVABLES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Advance payments to suppliers	37,135,959	36,070,360
Margin on the letter of credits and guarantees	25,719,348	24,875,197
Prepaid expenses	1,181,894	1,670,366
Value-added tax	1,370,492	-
Employee receivables	391,276	556,700
Deposits	34,500	30,000
	<u>65,833,469</u>	<u>63,202,623</u>
Less: provision for advance payments to suppliers	<u>(16,403,513)</u>	<u>(9,181,674)</u>
	<u>49,429,956</u>	<u>54,020,949</u>

The movement in the allowance for expected credit losses is as follows:

	<u>2025</u>	<u>2024</u>
As at 1 January	9,181,674	5,360,164
Provision for the year	<u>7,221,839</u>	<u>3,821,510</u>
As at 31 December	<u>16,403,513</u>	<u>9,181,674</u>

**14- TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties represent major shareholders, affiliates, members of the Board of Directors and the senior executive management of the Company and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. All the related party transactions are under normal course of business. Prices and terms related to these transactions are approved by the management and the Board of Directors.

<u>Related parties</u>	<u>Nature of Relationship</u>
Eirad Holding Company Limited	Major shareholder
Mohammad Ali Bin Saleh Al Dhuluan	Major shareholder
New Generation Mission System Arabia	Affiliate

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

Compensation for the key management is as follows:

	<u>2025</u>	<u>2024</u>
Short term benefits	6,201,262	5,716,790
End of service benefits	<u>521,710</u>	<u>308,790</u>
	<u>6,722,972</u>	<u>6,025,580</u>

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**14- TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)**

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarised below:

	Nature of relationship	Nature of transactions	2025	2024
New Generation Mission System Arabia	Affiliate	Purchases	15,176,228	-
		Finance cost	602,068	-
		Expenses charged on letter of credit	166,417	-
Eirad Holding Company Limited	Affiliate	Funding*	3,000,000	-
Mohammad Ali Bin Saleh Al Dhalaan	Shareholder	Funding* Payments	15,963,168 (3,000,000)	15,744,000 (24,048,812)
Ali Bin Mohammad Ali Bin Saleh Al Dhalaan	BoD Member	Funding	-	200,000

\* During the year, the Company's major shareholders approved to provide free of interest loans amounted to ﷲ 18,963,168 repayable on demand no later than 30 June 2027.

**14.1 Due from related parties**

	31 December 2025	31 December 2024
New Generation Mission System Arabia (note 11,12)	-	694,388

**14.2 Due to related parties**

	31 December 2025	31 December 2024
New Generation Mission System Arabia	15,250,325	-
Eirad Holding Company Limited	3,000,000	-
Mohammad Ali Bin Saleh Al Dhalaan	13,318,615	600,000
Ali Bin Mohammad Ali Bin Saleh Al Dhalaan	200,000	200,000
	<u>31,768,940</u>	<u>800,000</u>

**15- SHARE CAPITAL**

As of 31 December 2025, the authorized, issued, and paid-up capital of the Company is ﷲ 120 million, which is divided into ﷲ 120 million shares ﷲ 1 for each (31 December 2024: ﷲ 120 million, which is divided into ﷲ 120 million shares ﷲ 1 for each) (note 1).

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**16- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS**

The Company is required to pay end of service benefits to all employees in accordance with Saudi Labor and Employment Regulations upon termination of their services. The cost of employees' defined benefits obligations is measured using the projected unit credit method.

**16.1 Reconciliation of the present value of employees' defined benefits obligations**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January	3,266,487	3,187,912
Current service cost	1,359,759	1,049,343
Finance cost	196,663	196,663
Paid during the year	(1,311,569)	(1,417,893)
Remeasurement loss on actuarial assumption charged to OCI	181,670	250,462
	<u>3,693,010</u>	<u>3,266,487</u>

**16.2 Key actuarial assumptions**

	<u>2025</u>	<u>2024</u>
Discount rate	4.65%	5.25%
Long term salary increases	3.15%	3.60%

**16.3 Sensitivity analysis of key actuarial assumptions**

		<u>2025</u>	<u>2024</u>
Discount rate	+0.5%	3,589,117	3,278,342
	-0.5%	3,803,094	3,465,753
Long term salary increases	+0.5%	3,795,001	3,443,869
	-0.5%	3,595,876	3,298,371

The sensitivity analysis described above has been determined based on a method that infers the impact on employees' final benefit obligations as a result of reasonable changes in key assumptions that occurred as at December 31, 2025.

Sensitivity analysis is based on a change in significant assumptions, while keeping all other assumptions constant.

The sensitivity analysis may not be representative of any actual change in the defined benefits obligation because it is unlikely that changes in the assumptions will occur in isolation from one another.

**17- BORROWINGS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term borrowings	90,373,644	62,198,662
Long-term borrowings	10,978,542	17,583,972
	<u>101,352,186</u>	<u>79,782,634</u>

**17.1 Short-term borrowings**

The movement of short-term borrowings is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January	62,198,662	73,882,426
Proceeds during the year	252,817,406	174,431,845
Paid during the year	(224,642,424)	(186,115,609)
Balance as at 31 December	<u>90,373,644</u>	<u>62,198,662</u>

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**17- BORROWINGS (CONTINUED)**

During the year 2025, the Company obtained various short-term Islamic financing facilities from Al Rajhi Bank, Saudi National Bank (SNB), Sukuk Capital, Saudi Awwal Bank (SAB) and Banque Saudi Fransi (BSF) amounting in aggregate to ﷲ 252.8 million (2024: ﷲ 174.4 million). These facilities were mainly used to finance working capital and ongoing projects. All of the financing is repayable within periods ranging from 3 to 12 months and carries a fixed profit margin ranging from 8% to 12%. The Company was not in compliance with certain financial ratios covenants as of 31 December 2025.

**17.2 Long-term borrowings**

The movement of long-term borrowings is as follows:

	31 December 2025	31 December 2024
Balance as at 1 January	17,583,972	13,857,148
Additions during the year	-	6,000,000
Paid during the year	<u>(6,605,430)</u>	<u>(2,273,176)</u>
Balance as at 31 December	<u>10,978,542</u>	<u>17,583,972</u>
Current portion	9,678,542	7,683,972
Non-current portion	1,300,000	9,900,000

During 2022, the Company obtained Commodity Mubaraha Financing from Yanal Financing Company amounting to ﷲ 6.30 million. The loan is repayable over sixty monthly installments of ﷲ 136,975 each, with repayments commencing on 5 July 2022. The loan is secured by a mortgage over land and building registered under deed No. 910146001462 as collateral (note 7), in addition to personal guarantees provided by the shareholder (former chairman of the Board). This facility carries a fixed interest rate of 11%. During the year 2025, the Company repaid 1,405,430 and the outstanding balance as of 31 December 2025 amounted to ﷲ 2,378,542.

Additionally, during 2022, the Company obtained an Islamic financing facility from Saudi National Bank amounting to ﷲ 13 million for the purpose of purchase of land and construction of warehouse. The loan is repayable over 12 semi-annual installments of ﷲ 1.3 million each with repayments commencing on 29 December 2022. The loan is secured by mortgages over land and buildings registered under deed No. 310125028296 (note 7) and deed No. 998528001051 (note 8) as collateral together with personal guarantees provided by the directors. This financing carries a fixed interest rate of 9.323%. During the year 2025, the Company repaid ﷲ 5,200,000 and the outstanding balance as of 31 December 2025 amounted to ﷲ 2,600,000.

Furthermore, during 2024, the Company obtained Islamic financing facility from Sukuk Capital amounting to ﷲ 6 million through a Sukuk arrangement. This financing carries a fixed interest rate of 11.89% per annum. The outstanding balance as of 31 December 2025 amounted to ﷲ 6,000,000 which is due in 2026.

The above bank facilities require the Company to comply with certain financial covenants. As at 31 December 2025, the Company was not in compliance with the debt-to-equity ratio covenant and the current ratio covenant under Yanal financing arrangement, accordingly the non-current portion of the outstanding balance amounted to ﷲ 796,115 has been reclassified from non-current liabilities to current.

**18- ACCRUED EXPENSES AND OTHER PAYABLES**

	31 December 2025	31 December 2024
Accrued project cost	40,357,408	70,421,584
Provision for legal claims (note 25)	10,063,357	8,437,458
Accrued employees' expenses	5,508,909	3,617,904
Accrued profit margin on bank facilities	1,174,636	1,187,998
Deferred rental income	281,354	300,248
Dividend payables (note 29)	206,340	12,192,721
VAT payables	-	6,148,493
Others	<u>3,700,529</u>	<u>1,773,029</u>
	<u>61,292,533</u>	<u>104,079,435</u>

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**19- CONTRACT LIABILITIES**

Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognized overtime.

The movement in the contract liabilities as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
As at 1 January	84,895,253	1,181,315
Cash received in advance	10,376,975	101,390,038
Utilized against executed works during the year	<u>(23,611,859)</u>	<u>(17,676,100)</u>
As at 31 December	<u>71,660,369</u>	<u>84,895,253</u>

**20- ZAKAT PAYABLE**

**20.1 Zakat base:**

	<u>2025</u>	<u>2024</u>
Adjusted net loss for the year	(45,520,169)	(3,328,604)
Total additions	83,389,003	101,607,807
Total deductions	<u>(55,421,363)</u>	<u>(56,819,360)</u>
Zakat base	<u>27,967,640</u>	<u>44,788,447</u>
Zakat expense for the year	<u>720,917</u>	<u>1,154,504</u>

**20.2 The movement in zakat payable as of 31 December is as follows:**

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	6,909,120	7,179,074
Zakat charge for the year	720,917	1,154,504
Prior years zakat assessment differences	151,855	-
Paid during the year	<u>(5,906,485)</u>	<u>(1,424,458)</u>
Balance as at 31 December	<u>1,875,407</u>	<u>6,909,120</u>

**20.3 Zakat status**

The Company has submitted its zakat returns up to the year ended 31 December 2024 and has received final zakat assessments from the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 2020.

For the year 2023, the zakat payable amounted to ﷲ 5,754,630, in addition to an additional assessment of ﷲ 151,855, both of which were settled during 2025 following the issuance of the final zakat assessment by ZATCA.

For the year 2024, the Company submitted its zakat return in April 2025 based on unaudited financial information. Subsequently, upon issuance of the audited financial statements, the Company recorded a zakat charge of ﷲ 1,154,504 for the year.

The zakat assessments for the years 2021, 2022 and 2024 remain under review by ZATCA.

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**21- GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2025</u>	<u>2024</u>
Salaries and employees' benefits	18,301,606	9,230,037
Provision for legal claims (note 25)	5,613,698	8,437,458
Bank charges	4,165,549	4,690,862
Depreciation of property and equipment (note 7)	2,457,779	1,720,274
Impairment of intangible assets (note 9)	1,000,898	-
Professional & consulting fees	991,699	3,256,723
Printing and stationery	726,267	445,274
Subscription fees	660,637	753,647
Penalties	603,736	999,460
Others	425,991	739,135
Maintenance	423,358	251,451
Electricity, water, and fuel	404,552	511,838
Amortization of intangible assets (note 9)	357,564	181,431
Depreciation of investment properties (note 8)	295,341	295,341
Depreciation of right of use assets (note 10)	210,433	254,590
Travel expenses	99,947	231,589
Postage and telephone	95,369	241,805
Advertisement expenses	44,385	273,982
	<u>36,878,809</u>	<u>32,514,897</u>

**22- FINANCE COST**

	<u>2025</u>	<u>2024</u>
Interest on short and long-term Islamic facilities	7,439,661	6,716,662
Interest charged by related party (note 14)	602,068	-
Finance cost on lease liabilities (note 10)	19,465	143,752
Interest on employees' defined benefit obligations (note 16)	196,663	196,663
	<u>8,257,857</u>	<u>7,057,077</u>

**23- OTHER INCOME**

	<u>2025</u>	<u>2024</u>
Rent income (note 8)	1,558,893	1,525,222
Gain on disposal of property and equipment	411,993	28,696
Sale of scrap	1,175,194	488,742
	<u>3,146,080</u>	<u>2,042,660</u>

**24- EARNINGS / (LOSS) PER SHARE**

The basic and diluted earnings (loss) per share is calculated by dividing the net profit (loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	<u>2025</u>	<u>2024</u>
Net (loss) / profit for the year	(45,797,936)	459,379
Weighted average number of outstanding ordinary shares	120,000,000	120,000,000
(Loss) / Earnings per share - basic and diluted (in ﷻ)	<u>(0.382)</u>	<u>0.004</u>

There is no dilutive effect on the basic earnings (loss) per share of the company.

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**25- COMMITMENTS AND CONTINGENCIES**

**25.1 Commitments and guarantees:**

As at 31 December 2025, the Company had outstanding contingent liabilities in the form of letters of credit and guarantees issued in relation to bank facilities for the Company's projects. Below is the breakdown of contingencies as of the reporting date:

	2025	2024
Letter of credits	42,234,877	40,349,615
Letter of guarantees	157,660,906	163,856,130
	<u>199,895,783</u>	<u>204,205,745</u>

**25.2 Legal claims contingency:**

As at 31 December 2025, the Company is a defendant in a number of legal cases and claims arising in the normal course of business, including commercial, contractual and labour-related disputes.

The aggregate amount claimed under these cases is approximately ﷲ 24,144,263. A provision of ﷲ 10,063,357 has been recognized in respect of those cases for which management, based on the assessment of the Company's legal advisers, believes that an outflow of resources embodying economic benefits is probable. In addition, an amount of ﷲ 5,940,013 related to certain legal claims has been recorded within suppliers' balances as at 31 December 2025.

For the remaining exposure, management, supported by the opinion of its legal advisers, believes that it is not probable that a material outflow of resources will be required to settle these matters. Accordingly, no additional provision has been recognized. Management believes that the ultimate outcome of these cases will not have a material adverse impact on the Company's financial position.

**26- SEGMENTS REPORTING**

The operating segments are recorded in a manner consistent with the internal reporting structure. The Management monitors the operating results of its segments independently for the purpose of performance evaluation. For management purposes, the Company is organized into business units based on its products and services and has three reportable segments, as follows:

Segment	Operation / Activities
Telecom	Supply and installation of telecommunications equipment, implementation of communication networks (wired and wireless), and maintenance.
Power	Supply and installation of electrical equipment, implementation of electrical switches, transmission lines, civil work and maintenance.
Software	Specialised in software development, designing and building portals and e-services.

**Information on segment reporting**

The Company's segment information is presented below. Segment performance is evaluated based on revenue, which is the primary measure used by management to assess the results of each operating segment. Management believes that revenue provides the most relevant and comparable indicator of segment performance, particularly in relation to other entities operating within the same industry.

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**26- SEGMENTS REPORTING (CONTINUED)**

For the year ended 31 December 2025:

	Telecom	Power	Software	Total
Revenue	36,524,958	133,112,353	6,535,061	176,172,372
Cost of revenue	(41,139,313)	(106,369,324)	(5,439,342)	(152,947,979)
Gross (loss) / profit	(4,614,355)	26,743,029	1,095,719	23,224,393
<i>Type of Customers</i>				
Semi-governmental entities	14,610,764	131,324,150	-	145,934,914
Government	20,943,620	-	615,774	21,559,394
Private entities	970,574	1,788,203	5,919,287	8,678,064
Total	36,524,958	133,112,353	6,535,061	176,172,372
<i>Timing of revenue recognition</i>				
Recognized over time	31,243,488	133,112,353	6,535,061	170,890,902
At the point in time	5,281,470	-	-	5,281,470
Total	36,524,958	133,112,353	6,535,061	176,172,372

For the year ended 31 December 2024:

	Telecom	Power	Software	Total
Revenue	85,246,914	170,085,973	8,455,323	263,788,210
Cost of revenue	(63,223,450)	(136,986,668)	(6,854,354)	(207,064,472)
Gross profit	22,023,464	33,099,305	1,600,969	56,723,738
<i>Type of Customers</i>				
Semi-governmental entities	49,162,369	164,345,623	-	213,507,992
Government	28,236,862	-	467,250	28,704,112
Private entities	7,847,683	5,740,350	7,988,073	21,576,106
Total	85,246,914	170,085,973	8,455,323	263,788,210
<i>Timing of revenue recognition</i>				
Recognized over time	82,795,669	170,085,973	8,455,323	261,336,965
At the point in time	2,451,245	-	-	2,451,245
Total	85,246,914	170,085,973	8,455,323	263,788,210

Disclosure of information related to the property and equipment, right-of-use assets, total assets, total liabilities, general and administrative, and other expenses are not allocated to individual segments as they are managed on the Company basis.

**Geographical Information**

The Company's operations are entirely concentrated within the Kingdom of Saudi Arabia. Accordingly, no geographical segment disclosures are presented.

**Major Customers**

Revenue from three major customers amounted to ﷲ 161,835,289 for the year ended 31 December 2025, representing 92% of total revenue for the year (2024: ﷲ 230,671,544 representing 87% of total revenue).

**27- FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial assets consist of cash and cash equivalents, trade receivables, contract assets, other debit balances, and amounts due from related parties. Financial liabilities consist of trade payables, borrowings, lease liabilities, accrued expenses and other credit balances, and amount due to related parties. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities and frequent repricing of these instruments.

As at 31 December 2025 and 2024, there were no financial instruments measured at fair value.

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**28- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to market risk, credit risk, liquidity risk, commission rate risk and capital management. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures, and financial risks are identified, measured, and managed in accordance with the Company's policies and risk appetite.

Management reviews and agrees on policies for managing each of these risks, which are summarized below.

**28.1 Market risk**

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as, currency risk, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Currency risks**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The management monitors the fluctuations in foreign exchange rates and believes that the Company is not exposed to significant currency risks because it does not conduct any significant transactions in currencies other than the Saudi riyal and the US dollar. The exchange rate of the Saudi riyal is pegged to the US dollar and therefore balances and transactions denominated in US dollars do not represent significant risks.

**Commission rate risks**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank loans.

The Company has loans from local banks of  $\text{S} 101$  million (2024:  $\text{S} 80$  million) at a floating commission rate based on prevailing market rates. The table below shows how the loss for the year would change in case of a change in commission rate by 1%.

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Interest rate +1% or -1%	1,013,522	797,826

**28.2 Credit risks**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to discharge its obligations and cause the other party to incur a financial loss. The Company's policy states that all customers who wish to deal on a credit basis are subject to credit checks. The financial instruments that are subject to the concentration of credit risk mainly consist of trade receivables and contract assets. The Company deposits bank balances with a number of financial institutions with good credit ratings and has a policy based on setting limits for its balances deposited with each financial institution. The Company does not see significant risks from the inefficiency of these institutions.

The carrying amount of the financial instrument represents the maximum value to which the financial instrument can be exposed to credit risk as at the date of the statement of financial position on 31 December which is as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Trade receivables	55,586,766	72,282,484
Contract assets	175,459,749	190,761,715
Prepayments and other debit balances	26,145,124	25,461,897
Cash and cash equivalents	2,269,570	14,035,105
	<u>259,452,209</u>	<u>302,541,201</u>

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**28- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**28.2 Credit risks (Continued)**

**Trade receivables and contract assets**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer contract. However, management also takes into account the factors that may have an impact on the credit risk of the customer base, including default risk in the business sector in which customers operate.

The management has established a credit policy under which the creditworthiness of each new customer contract is analyzed before the Company offers its terms and conditions for payment and supply. Due to the nature of the sector in which the Company operates, there is a certain concentration of risks. As 38 % of the receivable balance as at 31 December 2025 consist of government and semi-government entities.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

**28.3 Liquidity risks**

This is the risk that the Company will not be able to secure the necessary liquidity to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through periodic monitoring to ensure that sufficient liquidity is available to meet any future commitments. The table below summarizes the maturity's dates of the Company's financial liabilities based on undiscounted contractual payments:

	Less than 1 year	More than 1 year	Total	Carrying amount
31 December 2025				
Borrowings	108,056,361	1,404,000	109,460,361	101,352,186
Accrued expenses and other credit balances	61,292,533	-	61,292,533	61,292,533
Due to related parties	31,768,940	-	31,768,940	31,768,940
Trade payables	50,004,680	-	50,004,680	50,004,680
	<u>251,122,514</u>	<u>1,404,000</u>	<u>252,526,514</u>	<u>244,418,339</u>
31 December 2024				
Borrowings	77,569,724	10,989,000	88,558,724	79,782,634
Accrued expenses and other credit balances	104,079,435	-	104,079,435	104,079,435
Trade payables	54,084,224	-	54,084,224	54,084,224
Due to related parties	800,000	-	800,000	800,000
Lease liabilities	659,443	-	659,443	588,788
	<u>237,192,826</u>	<u>10,989,000</u>	<u>248,181,826</u>	<u>239,335,081</u>

Approximately 98% of the Company's debt will mature in less than one year at 31 December 2025 (2024: 96%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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**28- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**28.4 Capital management**

The Company's objectives when managing capital are:

- i- Ensuring the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii- Provide an adequate return to shareholders by pricing services in a manner that reflects the level of risk involved in providing these services.

The Company's capital objective is to maintain a high capital to the total leverage ratio.

Management estimates the Company's capital requirements in order to maintain an effective overall funding structure and avoid material impact, taking into account the levels involved in the Company's various classes of indebtedness. The Company manages its capital structure and makes adjustments to it in line with changes in economic conditions and risk characteristics of the underlying assets in order to maintain or adjust the capital structure. The Company may adjust the dividends paid to shareholders, return equity capital, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by adjusted equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity is calculated as total equity as shown in the statement of financial position net of intangible assets.

The following is the net gearing ratio of the Company at the end of the year:

	2025	2024
Total borrowings	101,352,186	79,782,634
Less: Cash and cash equivalents	2,260,570	14,035,105
Net debt	99,091,616	65,747,529
Adjusted equity	25,608,481	58,243,244
Net gearing ratio to Equity	387%	113%

**29- DIVIDENDS**

The Extraordinary General Assembly, in its meeting held on 11 June 2024, approved dividend distributions to shareholders for the financial year ended 31 December 2023 in the total amount of ﷲ 9,000,000, at ﷲ 0.075 per share.

On 23 December 2025, the majority shareholders granted the Company unconditional and non-binding waiver for the unpaid dividends related to prior years amounted to ﷲ 11,986,381. Furthermore, both the Company and shareholders acknowledge that such waiver shall not confer any preferential rights to the shareholders under any circumstances.

**30- SUBSEQUENT EVENTS**

Subsequent to the reporting date, the Extraordinary General Assembly Meeting held on 26 March 2026 approved the following:

- Transfer of the statutory reserve balance amounting to ﷲ 13,573,347, as disclosed in the financial statements for the year ended 31 December 2024, to accumulated losses.
- Transfer of the share premium balance amounting to ﷲ 41,770,250, as disclosed in the financial statements for the year ended 31 December 2024, to accumulated losses.

These events occurred after the reporting period and have been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, the effect of the above-mentioned actions will be reflected in the financial statements for the year ending 31 December 2026.

In March 2026, the region experienced geopolitical instability that may affect countries across the area. While the situation continues to evolve, the Company maintains a robust operational framework to manage associated risks. These developments did not have a material impact on the Company's financial statements for the year ended 31 December 2025. However, given the evolving nature of the conflict, the potential long-term impact on the Company's operations and financial performance will continue to be assessed at future reporting dates.

Other than the matters described above, there were no events subsequent to the reporting date that require disclosure or adjustment to the financial statements or notes thereto.

**31- APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 18 Dhu Al-Qa'idah 1447H (5 May 2026).