



**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

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

**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS**  
AS AT 31 DECEMBER 2025

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## INDEPENDENT AUDITOR'S REPORT






**TO THE SHAREHOLDERS OF NAQI WATER COMPANY  
(LISTED JOINT STOCK COMPANY)  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

(1/4)

### OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Naqi Water Company (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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statement of the company, which comprise of the following:

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

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia together and are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF NAQI WATER COMPANY  
(LISTED JOINT STOCK COMPANY)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**(2/4)**

**KEY AUDIT MATTERS (CONTINUED)**

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<b>REVENUE RECOGNITION- SALES</b>	
<p>The revenue for the year ended 31 December 2025 amounted to SAR 186,945,087 (2024: SAR 219,340,133).</p> <p>Revenue is considered a key performance indicator and, accordingly, there is an inherent risk related to revenue recognition, particularly the risk of revenue being overstated.</p> <p>Revenue is recognized when control of the goods sold is transferred to customers and when services are rendered to customers.</p> <p>Due to the significant risks associated with revenue recognition, the significance of the revenue balance, and the fact that revenue represents a primary performance measure, revenue from the sale of goods and services to customers was considered a Key Audit Matter.</p> <p>The accounting policy for revenue recognition is disclosed in Note 3, and details of revenue are presented in Note 23.</p>	<p>We have done the following with regard to revenue recognition:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the Company's accounting policies for revenue from the sale of goods and transportation services and assessing compliance with IFRS (15) Revenue from Contracts with Customers.</li> <li>• Obtaining an understanding of and evaluating the design and implementation of relevant internal controls over the revenue cycle, including controls over invoicing, shipment documentation, and year-end closing procedures.</li> <li>• Examine a sample of goods sales and service transactions, along with the related supporting documents, to determine the performance obligations, delivery terms, and the timing of transfer of control, including matching invoices with sales orders, shipping documents, and proof of delivery or service completion</li> <li>• Performing cut-off procedures by reviewing shipments and invoices issued near year-end to ensure revenue was recognized in the appropriate period.</li> <li>• Performing analytical procedures to assess revenue trends and investigating significant variances.</li> <li>• Evaluating the adequacy and appropriateness of related disclosures in the financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF NAQI WATER COMPANY (LISTED JOINT STOCK COMPANY)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

(3/4)

#### 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. Management is responsible for the other information in its annual report which 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENT

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF NAQI WATER COMPANY  
(LISTED JOINT STOCK COMPANY)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**(4/4)**

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**For PKF Al Bassam  
Chartered Accountants**



Ahmed A. Mohandis  
Certified Public Accountant  
License No. (477)  
Qassim: 18 Shawwal 1447  
Corresponding to: 6 April 2026



**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

(All amounts in Saudi Riyals, unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment, net	5	169,935,618	148,671,954
Biological assets, net	6	2,686,037	363,650
Right of use assets, net	7/1	3,508,126	3,504,089
Intangible assets, net	8	7,023,618	7,636,847
<b>TOTAL NON-CURRENT ASSETS</b>		<b>183,153,399</b>	<b>160,176,540</b>
<b>CURRENT ASSETS</b>			
Trade receivables, net	9	12,212,648	21,584,944
Inventory, net	10	18,051,545	20,541,323
Due from related parties	11/1	7,291,105	13,886,061
Prepaid expenses and other receivables, net	12	6,341,133	3,903,121
Financial assets at fair value through profit or loss	13	53,406,269	6,187,094
Cash and cash equivalents	14	16,834,898	77,594,661
Restricted cash	14	--	5,143,911
<b>TOTAL CURRENT ASSETS</b>		<b>114,137,598</b>	<b>148,841,115</b>
<b>TOTAL ASSETS</b>		<b>297,290,997</b>	<b>309,017,655</b>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	200,000,000	200,000,000
Statutory reserve	16	19,911,805	19,911,805
Retained earnings		51,011,160	54,011,706
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>270,922,965</b>	<b>273,923,511</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees' end of service benefits	18	6,168,219	5,003,895
Lease liability – non current portion	7/2	1,422,022	2,002,119
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,590,241</b>	<b>7,006,014</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	19	8,765,732	13,904,510
Lease liability – current portion	7/2	1,559,877	1,022,066
Long term loan –current portion	20	--	4,654,469
Accrued expenses and other credit balances	21	4,506,823	5,313,870
Due to related parties	11/2	1,575,442	237,246
Zakat provision	22	2,369,917	2,955,969
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,777,791</b>	<b>28,088,130</b>
<b>TOTAL LIABILITIES</b>		<b>26,368,032</b>	<b>35,094,144</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>297,290,997</b>	<b>309,017,655</b>

**Chief Financial Officer**  
Mr. Muhammed Al-Hawamdeh

**Chief Executive Officer**  
Mr. Abdulaziz Alsayegh

**Chairman**  
Mr. Amin Al Mallah

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

**NAQI WATER COMPANY**  
(LISTED 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)

	Notes	2025	2024
Revenues, net	23	<b>186,945,087</b>	219,340,133
Cost of revenues	24	<b>(119,872,359)</b>	(142,693,365)
<b>Gross profit</b>		<b>67,072,728</b>	76,646,768
Selling and distribution expenses	25	<b>(39,649,849)</b>	(34,985,257)
General and administrative expenses	26	<b>(16,502,946)</b>	(14,832,057)
Expected credit losses provision formed	29	<b>(3,718,298)</b>	(1,282,481)
Other operating income		<b>538,767</b>	84,461
<b>Profit from operation</b>		<b>7,740,402</b>	25,631,434
Other income / (expenses), net	27	<b>2,220,693</b>	3,620,809
Finance costs	28	<b>(526,292)</b>	(908,662)
Short-term murabaha deposit revenue	14/1	<b>1,938,218</b>	4,152,164
Realized gain on disposal of financial asset through profit and loss		<b>32,100</b>	--
Unrealized (loss) / gain on financial assets at fair value through profit or loss	13	<b>(13,735,896)</b>	431,304
Dividends received from financial assets at fair value through profit or loss	13	<b>2,012,925</b>	213,780
<b>(Loss) / profit for the year before zakat</b>		<b>(317,850)</b>	33,140,829
Zakat	22	<b>(2,369,917)</b>	(2,955,969)
<b>Net (loss) / profit for the year</b>		<b>(2,687,767)</b>	30,184,860
<b>Other comprehensive income items:</b>			
<b>Items that will not be reclassified under profit or loss:</b>			
Actuarial (losses) / gains from the remeasurement of end-of-service benefit obligations	18	<b>(312,779)</b>	606,899
<b>Total (loss) / comprehensive income</b>		<b>(3,000,546)</b>	30,791,759
<b>(Loss) / earning per share:</b>			
Basic and diluted	30	<b>(0.13)</b>	1.51

**Chief Financial Officer**

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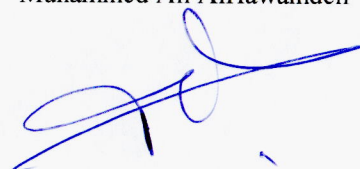
**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

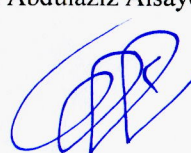
(All amounts in Saudi Riyals, unless otherwise stated)

	<u>Notes</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b>2024:</b>					
Balance at 1 January 2024		200,000,000	16,893,318	36,238,434	253,131,752
Net profit for the year		--	--	30,184,860	30,184,860
Other comprehensive income	18/1	--	--	606,899	606,899
Total comprehensive income for the year		--	--	30,791,759	30,791,759
Transfer to statutory reserve		--	3,018,487	(3,018,487)	--
Dividends	17	--	--	(10,000,000)	(10,000,000)
Balance at 31 December 2024		<u>200,000,000</u>	<u>19,911,805</u>	<u>54,011,706</u>	<u>273,923,511</u>
<b>2025:</b>					
Balance at 1 January 2025		200,000,000	19,911,805	54,011,706	273,923,511
Net loss for the year		--	--	(2,687,767)	(2,687,767)
Other comprehensive income	18/1	--	--	(312,779)	(312,779)
Total comprehensive loss for the year		--	--	(3,000,546)	(3,000,546)
Balance at 31 December 2025		<u>200,000,000</u>	<u>19,911,805</u>	<u>51,011,160</u>	<u>270,922,965</u>

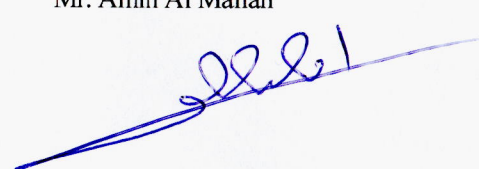
**Chief Financial Officer**  
Muhammed Ali AlHawamdeh



**Chief Executive Officer**  
Mr. Abdulaziz Alsayegh



**Chairman**  
Mr. Amin Al Mallah



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**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

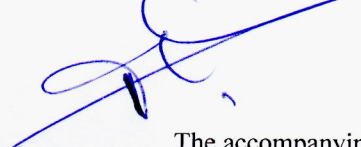
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals, unless otherwise stated)

	Notes	2025	2024
<b><u>OPERATION ACTIVITIES</u></b>			
(Loss) / profit for the year before zakat		(317,850)	33,140,829
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	5/2	20,583,871	20,506,375
Amortization of intangible assets	8	613,229	670,576
Amortization of biological assets	6	354,339	2,229,110
Amortization of right-of-use assets	7/1	1,493,661	1,350,818
Provisions for employees' end of service benefits	18	1,351,134	1,268,409
Provision for expected credit losses for trade receivables	9	3,741,533	1,129,481
Unrealized losses / (gains) on financial assets at fair value through profit or loss	13	13,735,896	(431,304)
Provision for expected credit losses for other debit balances	12	--	153,000
Profit from disposal of financial asset through profit or loss		(32,100)	--
Finance costs	28	526,292	908,662
Gain on disposals of property, plant and equipment	27	(802,393)	(3,701,796)
Loss from disposal of finance lease contracts	7/4	17,203	--
(Gains) / losses on disposal of biological assets		(15,389)	239,609
		<b>41,249,426</b>	<b>57,463,769</b>
<b><u>Changes in operating assets and liabilities</u></b>			
Inventories		2,489,778	1,669,309
Trade receivables		5,630,763	(46,521)
Prepayments and other debit balances		(2,438,012)	3,124,217
Due from related party		6,594,956	(9,080,168)
Trade payable		(5,138,778)	771,746
Restricted cash – for accounts payable		5,143,911	(5,143,911)
Accrued expenses and other credit balances		(844,407)	1,327,090
Due to related party		1,338,196	(1,738,671)
<b>Cash generated from operating activities</b>		<b>54,025,833</b>	<b>48,346,860</b>
Employee's end -of-service benefits paid during the year	18	(728,328)	(256,788)
Zakat paid during the year	22	(2,955,969)	(3,029,391)
<b>Net cash generated from operating activities</b>		<b>50,341,536</b>	<b>45,060,681</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of property, plant and equipment	5	(43,786,948)	(32,768,828)
Purchase of biological assets	6	(2,580,858)	(981,856)
Proceeds from the disposal of biological assets		24,700	--
Proceeds from the disposal of property, plant and equipment and right of use assets		2,636,627	9,734,386
Proceed from disposal of financial asset through profit or loss		859,377	--
Purchase of financial assets at fair value through profit or loss	13	(61,782,348)	(5,755,790)
Payments for the purchase of intangible assets	8	--	(221,619)
<b>Net cash used in investing activities</b>		<b>(104,629,450)</b>	<b>(29,993,707)</b>

**Chief Financial Officer**

Mr. Muhammed Al-Hawamdeh



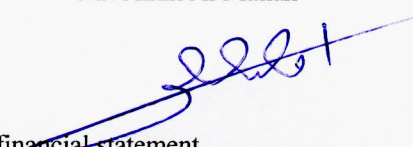
**Chief Executive Officer**

Mr. Abdulaziz Alsayegh



**Chairman**

Mr. Amin Al Mallah



The accompanying notes form an integral part of these financial statement

**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals, unless otherwise stated)

	Notes	2025	2024
<b><u>FINANCING ACTIVITIES</u></b>			
Payment of loans	20	(4,654,469)	(4,259,170)
Finance costs paid		(101,201)	(496,500)
Payment of lease liabilities	7/2	(1,716,179)	(1,513,937)
Dividends paid	17	--	(10,000,000)
<b>Net cash used in financing activities</b>		<b>(6,471,849)</b>	<b>(16,269,607)</b>
Change in cash and cash equivalents during the year		<b>(60,759,763)</b>	(1,202,633)
Cash and cash equivalent at the beginning of the period		<b>77,594,661</b>	78,797,294
<b>Cash and cash equivalents at end of the period</b>		<b>16,834,898</b>	<b>77,594,661</b>
<b><u>NON-CASH TRANSACTIONS:</u></b>			
Intangible assets	8	--	7,060,314
Statutory reserve	16	--	3,001,939
Employees' end of service benefits	18	<b>541,518</b>	606,899
Additions to right of use assets	7	<b>(1,887,910)</b>	392,477
Depreciation of property, plant and equipment	5	<b>(105,179)</b>	--
Payments for the purchase of biological assets	6	<b>105,179</b>	--
Lease liabilities		<b>233,712</b>	--

**Chief Financial Officer**

Mr. Muhammed Al-Hawamdeh

**Chief Executive Officer**

Mr. Abdulaziz Alsayegh

**Chairman**

Mr. Amin Al Mallah

The accompanying notes form an integral part of these financial statement

**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals, unless otherwise stated)

**1. COMPANY AND MAIN ACTIVITIES**

Naqi Water Company is a Saudi listed joint-stock Company registered in the city of Unaizah in the Al-Qassim region of the Kingdom of Saudi Arabia under commercial registration number 1128018184 (Unified number 7011032112), issued on 27 Jumada Al-Akhirah 1435 AH, corresponding to 27 April, 2014. and subsequent amendments to the commercial register and the company's articles of association.

On 7 Jumada Al-Awwal 1443 AH, corresponding to 11 December, 2021, the Board of Directors approved the company's initial public offering (IPO) plan by offering 30% of the company's shares for the first-year subscription by applying and registering the securities with the Capital Market Authority and listing the Company on the Saudi Stock Exchange (Tadawul). On 24 Shawwal 1443 AH, corresponding to 25 May, 2022, the Capital Market Authority announced its approval to offer 6,000,000 shares for the first-year subscription, representing 30% of the company's shares. The Saudi Capital Market Authority approved the company's listing on the Saudi Stock Exchange (Tadawul) on 17 Muharram 1444 H, corresponding to 15 August , 2022.

The legal procedures for amending the Company's Articles of Association to transition into a listed joint stock Company were completed on 26 Rabi Al-Awwal 1444 H (corresponding to 26 October 2022), along with the update of Commercial Registration No. 1128018184.

The Company Activities are:

- Production and bottling of filtered pure water.
- Wholesaling of bottled water, soft drinks, and juices.
- Retailing of beverages in specialized stores.
- Land transportation of goods.
- Rearing and producing broiler breeder hens, operating their hatcheries, and producing eggs.

Company Registered Head Office Address: Al-Obsah District, P.O. Box 5228, Qassim, Unaizah, Kingdom of Saudi Arabia.

The Company operates through its branches in cities within the Kingdom, and these branches operate under the following commercial registrations:

<b>Branch</b>	<b>City</b>	<b>CR Number</b>	<b>Unified Number</b>	<b>Date of CR</b>
Naqi Water Company joint-stock	Unaizah	1128183653	7016639382	12 January 2020
Naqi Water Company joint-stock	Dammam	2050180099	7037637753	24 December 2023
Naqi Water Company joint-stock	Hail	3550173509	7040605201	09 June 2024
Branch of Naqi Water	Jeza	5900145516	7037347213	28 November 2023
Branch of Naqi Water	Tabuk	3550163229	7042157227	17 October 2024
Naqi Water Company joint-stock	Unaizah	1128189986	7036846157	09 August 2023
Desert Nature Company	Riyadh	1010460840	7004779554	27 September 2018
Naqi Water Company joint-stock	Unaizah	1128184884	7009262168	29 November 2020
Naqi Water Company joint-stock	Jeddah	4030498557	7033606935	19 January 2023
Naqi Water Company joint-stock	Riyadh	1010603193	7016233111	10 November 2019

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**2. BASIS OF PREPARATION AND MEASUREMENT**

**2/1 Statement of Compliance**

The financial statements for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), as well as the requirements of the Companies Law applicable in the Kingdom of Saudi Arabia and the Company’s Articles of Association

**2/2 Basis of measurement**

The financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques

**2/3 Use of judgments and estimates**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in Note 4.

**2/4 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). These financial statements are presented in Saudi Riyals (SR), which is the Company’s functional and presentation currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

**3. MATERIAL ACCOUNTING POLICIES**

Mentioned below an overview of the significant accounting policies applied in the preparation of these financial statements (listed joint stock company), These policies are consistently applied to all periods presented, except for what is mentioned in the bases for preparation Note 2, unless otherwise stated.

**3/1 New and amended IFRS standards issued and effective in the year 2025**

A number of new amendments to the standards, as set out below, are effective from 1 January 2025; however, they have no material impact on the Company’s financial statements:

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of the standards and amendments</b>	<b>Management assessment</b>
IAS 21	Lack of exchangeability	01 January 2025	<p>The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.</p> <p>The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.</p>	There is no material impact on the financial statements.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/2 New and amended IFRS Standards issued but not yet effective**

The following standards and amendments have been issued but are not yet effective for the reporting year ended 31 December 2025, and have not been early adopted by the Company:

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of the standards and amendments</b>	<b>Management assessment</b>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	Management intends to apply the standard from its effective date and expects that its application will not have any material impact on the financial statements.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Management intends to apply the standard from its effective date and expects that its application will not have any material impact on the financial statements.

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

**3/2 New and amended IFRS Standards issued but not yet effective (continued)**

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of the amendment</b>	<b>Management assessment</b>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management intends to apply the standard from its effective date and anticipates that its application will have a material impact on the presentation of the financial statements. The Company will review and update its current accounting policies to comply with the requirements of International Accounting Standard (IAS) 18. The Company will restate comparative figures for the prior year, where appropriate, to ensure consistency of comparison and to provide users with understandable information about the effects of applying the new standard. Management will also enhance the level of disclosure in the financial statements.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements when applying IFRS.  A subsidiary is eligible when the ultimate parent prepares general-purpose consolidated financial statements in accordance with IFRS.	Management intends to apply the standard from its effective date and expects that its application will not have any material impact on the financial statements..

**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/3 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The carrying amounts of property, plant and equipment are reviewed to determine whether they have suffered any impairment. Whenever there are any events indicating that the carrying amount may not be recoverable, property, plant and equipment are written down to their recoverable amount, and any impairment loss, if any, is recognized in profit or loss for the period, unless the asset is disposed of at a revalued amount, in which case the impairment loss is treated as a reduction in the revaluation surplus to the extent that the impairment loss does not exceed the balance held in the revaluation surplus for that asset.

The useful lives of property, plant and equipment are reviewed at the end of each year, and if the expected useful life differs from previous estimates, the remaining carrying amount is depreciated over the remaining useful life after re-estimation, starting from the year in which the re-estimation is made.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, after deducting the estimated residual value, based on the expected pattern of use, as follows:

<u>Item</u>	<u>Years</u>
Buildings and constructions on owned and leased lands	2% - 5%
Furniture and fixtures	20% - 30%
Computers	20% - 25%
Machinery and equipment	5% - 25%
Vehicles	20% - 25%
Tools	10% - 25%
Desalination plant and laboratory equipment	10% - 25%
Trucks	7.5% - 20%

Where significant 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 expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably.

***Annual review of residual values and useful lives***

The residual value of the asset is the current estimated amount that the Company can obtain from disposing of the asset after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each financial period. If the forecasts differ from previous estimates, the change (s) are accounted for as a change in accounting estimates.

***Asset segmentation***

Property, plant and equipment often consist of different components with different useful lives or consumption patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

Each significant component of an item of property, plant and equipment is depreciated, the cost of which is relatively important relative to the total cost of the item independently (unless one of the important parts has the same useful life and the method of consuming another part of the same item of property, plant and equipment, in which case, the two parts can be combined together for the purpose of consumption).

Under the segmentation approach. The Company does not recognize the daily maintenance costs of the item in the carrying amount of the item of property, plant and equipment. These costs are recognized in the statement of profit or loss when incurred. The components of the different assets are determined and depreciated separately only for the significant parts of property, plant and equipment with useful lives or different depreciation patterns. However, the principles regarding parts replacement (which represent the subsequent cost of a replacement part) generally apply to all specific parts, regardless of whether they are significant or insignificant.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/3 Property, plant and equipment (continued)**

***projects under construction***

Projects under construction are included within property, plant and equipment at cost and are stated at cost, including the cost of machinery and equipment as well as directly attributable costs. Projects under construction are not depreciated until they are ready for their intended use by the Company, at which point they are transferred to property, plant and equipment.

***Capitalization of costs within property, plant and equipment***

The cost of item of property, plant and equipment consists of the following:

- Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management.
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the related obligation incurred either as a result of acquiring the item or as a result of using it for a particular period for purposes other than producing inventories during that year.

Subsequent costs are included in the carrying amount of the asset 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 any part recognized as a separate asset is derecognized upon replacement.

Borrowing costs related to the qualifying assets are capitalized as part of the cost of the qualifying assets until the commencement of commercial production.

All other repair and maintenance expenses are charged to the statement of profit or loss in the period in which they are incurred. Regular maintenance and repairs that do not increase the estimated useful life of the asset or production outputs are charged to the statement of profit or loss when incurred.

Profits and losses resulting from the disposal of property, plant and equipment are determined by comparing the proceeds with the net book value and are included in other income.

**3/4 Right of use assets and lease liabilities**

The Company assesses whether a contract is, or contains a lease, at the inception of the contract. The Company recognizes a right to use the asset and a corresponding lease obligation in respect of all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The Company recognizes payments for these leases as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Right of use assets**

The right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and any initial direct costs. Subsequently, they are measured at cost less accumulated amortization and impairment losses.

A provision is recognized and measured under International Accounting Standard No. (37), when the Company has incurred an obligation for the costs of dismantling and removing a leased asset, rehabilitating the site on which it is located or restoring the underlying asset to the condition required under the terms and conditions of the lease. Costs are included in the related right-of-use asset.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/4 Right of use assets and lease liabilities (continued)**

**Right of use assets (continued)**

The right to use the assets is amortized over the lease term or the useful life of the underlying asset, whichever is shorter. The relevant right-of-use asset is amortized over the useful life of the underlying asset, if the lease contract transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise the purchase option. Amortization begins on the lease commencement date.

The right to use assets is shown as a separate item in the statement of financial position. The Company applies International Accounting Standard No. (36) - Impairment of Assets to determine whether the right to use the asset has been impaired and accounting for any impairment loss.

Variable leases that depend on an index or rate are included in the measurement of the lease liability and the right of use the asset. The related payment is recognized as an expense in the period in which the event or condition that gives rise to those payment occurs and are included in expense in the statement of profit or loss.

**Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease contract. The Company uses an incremental borrowing rate if the rate is not readily determined. The lease payments included in the measurement of the lease liability consist of:

- fixed lease payments (including fixed implicit payments), less any lease incentives,
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- the amount expected to be payable by the lessee under the residual value guarantees,
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options, and
- penalty payments in the event of termination of the lease, if the terms of the lease reflect the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) whenever:

- the lease term has changed or there has been a change in the assessment of exercising the purchase option, in which case the lease liability is remeasured by discounting the modified lease payments using the revised discount rate,
- Lease payments have changed due to a change in the index or rate or a change in the expected payment under the guaranteed residual value. In these cases, the lease obligation is remeasured by discounting the revised lease payments using the initial discount rate (unless lease payments change due to a change in a floating interest rate, in which case the adjusted discount rate is used); and
- The lease contract has been modified and the lease contract modification has not been accounted for as a separate lease contract. In this case, the lease liability is remeasured by discounting the modified lease payments using a modified discount rate.

**Short-term leases and leases with low value assets**

Short-term leases are contracts with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization limits and are considered immaterial to the company's statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/5 Intangible Asset**

Intangible assets include software licenses and right to use leased land. Acquired intangible assets are measured at cost initially, then at cost less accumulated amortization and impairment losses if any. Internally developed intangible assets are not capitalized except for capitalized development costs.

Subsequent expenditures are capitalized only when they create probable future economic benefits for the asset Company and are reliably measurable. Intangible assets with finite life are amortized over their estimated useful lives, reviewed for impairment when evidence exists, and adjusted prospectively if necessary. Amortization expenses of intangible assets with finite life are included in the statement of profit or loss as an expense in accordance with the function of the assets.

Software licenses	20%
Right to use leased land	5%-10%

**3/6 Biological Assets**

The biological assets are measured at purchase cost plus the cost of raising or growing to the point of commercial production, less accumulated depreciation and accumulated impairment losses, if any. Cost of young biological assets is determined by purchase cost plus the cost of raising or growing according to age company. Fair value cannot be reliably measured due to the lack of available market prices and alternative measures of fair value are considered unreliable. Depreciation is not applied to young biological assets. Cost of raising includes the cost of related labor, feed, and other rearing expenses.

The biological assets are depreciated on a straight-line basis based on their estimated residual value based on commercial production periods as follows:

Egg laying poultry	18 Months
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**3/7 Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes all direct manufacturing costs based on the normal level of activity, as well as transportation and handling costs. Cost also includes amounts reclassified from equity in respect of any gains or losses on qualifying cash flow hedges related to inventory purchases. Net realizable value represents the estimated selling price less the costs of completion and an appropriate portion of selling and distribution expenses.

Spare parts are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Net realizable value is the estimated selling price in the normal course of business of the Company less selling and distribution expenses. The valuation of the net realizable value of inventories reduction usually done on an individual basis.

Reducing inventories below cost to their net realizable value is in accordance with International Financial Reporting Standards that the value of assets should not be increased more than the amounts expected to be realized from their sale.

A provision is made for slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down during the inventory count. The provision for slow-moving and obsolete inventories is assessed by inventory category as part of the financial reporting process.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/8 Financial instruments**

**Non-derivative financial instruments**

The Company has applied the following classification and measurement requirements for financial instruments.

**Recognition of financial instruments**

Financial asset and liability are recognized when the Company becomes a party to the contractual obligations of the instrument, which is usually at the date of trade. The Company derecognizes financial asset when contractual cash flows of these assets expire, or when the Company transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests arising from transferred financial assets that the Company has established or held as separate assets or liabilities are recognized.

**De-recognition**

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on de-recognition.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

The Company de-recognizes financial assets primarily when:

- the contractual rights of cash flows from financial assets expire; or
- the Company transfers the rights to collect contractual cash flows in a transaction through which all risks and rewards of ownership of the financial assets are transferred; or
- and rewards of ownership of the financial assets are transferred, or in which the Company does not transfer substantially all the risks and rewards of ownership of the financial assets; or.
- the Company retains substantially all the risks and rewards of ownership and does not retain control over the financial assets

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes financial liabilities when their terms are modified and when the cash flows of the modified liabilities are significantly different; in such cases, new financial liabilities are recognized at fair value based on the modified terms. Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss

**Classification of financial instruments**

The Company classifies its financial assets into the following measurement categories:

- Assets to be measured at amortized cost; or
- Fair value through profit or loss (FVTPL); or
- FVOCI - investment in equity instruments

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

Financial assets are not subsequently reclassified after initial recognition unless the Company changes its business model for managing financial assets. In such case, all affected financial assets are reclassified on the first day of the first financial period subsequent to the business model change.

Financial assets are measured at amortized cost if they meet both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/8 Financial instruments (Continued)**

- The contractual terms give rise, on specified dates, to cash flows that represent the principal and interest on the outstanding principal amount.

Upon initial recognition of investments in financial instruments, which the Company does not hold for trading purposes, the Company can elect to present any subsequent changes in fair value for these investments in other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as mentioned above, are measured at fair value through profit or loss, including derivative financial assets.

**Financial assets- subsequent measurement - profits or losses**

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenue in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profit or losses are recognized in other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any interest or dividends are recognized in the statement of profits or loss.

**Reclassification**

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets classification requirements mentioned above.

**Offsetting of financial instruments**

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

**Share capital**

Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Company's ordinary shares are classified as equity instruments (Shareholders' equity).

**3/9 Impairment**

**Impairment of financial assets**

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/9 Impairment of financial assets (continued)**

- 12-month ECL. These are ECLs that result from possible default events within the 12 months after the reporting date;
- Lifetime expected credit loss, these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company may assume that credit risks on a financial instrument has not increased significantly since the initial recognition; if the financial instrument is determined to have low credit risk at the reporting date.

However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Company can adopt this policy to trade receivables with a non-significant finance item.

The Company elected to evaluate impairment losses on trade receivables using 12-month expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, it is recognized in profit or loss in the period of recovery.

**Impairment of non-financial assets**

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

An assessment is performed at each reporting date to determine whether there is evidence that a previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss. Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/10 Trade Receivables and other debit balances**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition, and are subsequently carried at amortized cost using the effective interest rate method, less an expected credit loss allowance.

For trade receivables, which are reported net; such allowances are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss. When it is confirmed that trade receivables will not be collectable, the gross carrying amount of the asset is written off against the related allowance.

**3/11 Advances and loans**

After initial recognition, interest-bearing advances and loans (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement on disposal of liabilities as well as through the amortization process.

**3/12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cash at banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Company without any restrictions. The statement of cash flows is prepared in accordance with the indirect method.

Restricted cash and cash equivalents that are not available for use (if any) by the Company are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

**3/13 Time Deposit**

Time deposits are bank deposits and other short-term, highly liquid investments with maturities exceeding three months but not exceeding one year from deposit date. Placed with investment-grade financial institutions and considered low credit risk, All deposits are compliant with Islamic regulations.

Investment income accrues on a time basis over the outstanding principal and at the applicable effective interest rate.

**3/14 Trade payables and accruals**

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

**3/15 Borrowing Cost**

Borrowing costs directly related to the purchase, construction or production of an asset that takes a long period of time to be constructed or prepared in order for the asset to be ready for the purpose for which it was built, or for sale are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest expense and other costs that an entity incurs in borrowing of funds using the effective interest method.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/16 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or contractual obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to passage of time is the interest expense.

**3/17 Statutory reserve**

Following the implementation of the new Saudi Companies Law, effective January 19, 2023, the requirement to establish a statutory (legal) reserve, as mandated under the previous law, has been abolished.

**3/18 Actuarial reserve**

The actuarial reserve for employees' end-of-service benefits is separately maintained by the Company as part of equity in other reserves. This reserve is calculated based on an actuarial valuation and represents the present value of the future obligation that the Company owes to its employees for benefits they will receive upon the end of their service. The actuarial reserve is recognized through other comprehensive income and the reserve is subject to change considering the increase/ decrease in present value of defined benefit obligations arising from financial, demographic and experience adjustments.

**3/19 Employee's benefits**

**General description of a defined benefit plan for employee's - end of service benefits**

The Company is required under the Saudi Labor Law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals the last month's salary each for the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. The employee is entitled to the same benefits in the cases of resignation. The end of service benefit plan is unfunded.

**Evaluation methodology and key assumptions for the actuarial study**

In compliance with the requirements of IAS 19 "Employee Benefits", the end of service benefits obligation is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each fiscal year. The gain or loss arising from actuarial revaluation is recognized in the other comprehensive income for the period in which the revaluation occurred. Such actuarial gains or losses are not included in profit or loss. The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee's benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits.

Service costs for the previous years are also recognized in profit or loss. Interest is calculated using the effective discount rate at the beginning of the period.

**Defined benefit costs are classified as follows:**

**Service cost**

Service cost includes current service cost and past service cost which are recognized immediately in statement of profit or loss.

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

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/19 Employee's benefits (continued)**

**Interest cost**

Interest cost is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

**Re-measurement gains or losses**

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

**Short-term employee's benefits**

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which services are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

**Retirement benefit costs**

The Company contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employee's remuneration. Payments are treated as government-managed pension benefit plans as payments to defined benefit plans as the company's liabilities against these plans are equivalent to those that arise in a defined benefit retirement plan. Payments to retirement benefit plans are charged as an expense when they fall due.

**3/20 Revenue**

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- Revenue from Contracts with Customers.

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

**Step 2** - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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

**Step 4** - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/20 Revenue (continued)**

The amount of consideration may vary due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. The amount of the promised consideration may also vary if the company's entitlement to the consideration depends on the occurrence or non-occurrence of a future event.

The Company's revenue are as follows:

- Revenue from bottled water sales
- Revenue from egg production sales
- Revenue from transport and logistics service

**Revenue from sales of goods (revenue recognized at point of time)**

For sales of goods to customers, where the sale of the product is generally expected to be the sole performance obligation, revenue from the sale is recognized at a point in time when control of the asset is transferred to the customer, generally upon delivery. Revenue is measured net of returns and trade discounts, if any.

The Company recognizes revenue when the customer gains control of the promised asset and the Company satisfies its performance obligations. The Company considers the following indicators in assessing whether control of a promised asset has been transferred:

- The Company has a present right to payment for the goods.
- The Customer has legal title to the goods
- The Company has transferred physical possession to the goods
- The Customer has assumed significant risks and rewards of ownership of the goods
- The Customer has accepted the goods

**Revenue from Land Freight and Logistics Services (revenue recognized over time)**

Revenue from services is recognized upon the satisfaction of performance obligations. In some cases, the Company provides delivery services for goods sold or freight services for customers and suppliers. Revenue is recognized during the delivery period as the service is rendered.

**Other Income**

Other income includes amounts recovered from sale of scrap, profits from the sale of property, plant and equipment, and other refunds. These amounts are recognized in the statement of profit or loss on the date on which the Company's right to receive payment is established.

**3/21 Cost of revenues & Expenses**

**Expense**

Sales and marketing expenses include costs incurred from the Company's marketing, sales, and distribution activities. Expenses are classified based on their function as cost of sales, sales and distribution, or administrative expenses. Other than cost of sales and finance costs, all remaining expenses are presented as administrative expenses. Where expenses relate to more than one function, they are allocated on a reasonable and consistent basis in line with their nature and usage.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/22 Zakat & Tax**

The Company is subject to zakat in accordance with the regulations of the Saudi General Authority of Zakat and Tax ("GAZT"). Zakat is provided for the period on an estimated basis and charged separately in the statement of profit or loss and other comprehensive income. Additional zakat, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are issued.

**Withholding tax expense**

The Company withholds taxes on transactions with non-resident parties and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) applicable in the Kingdom of Saudi Arabia.

**Value added tax**

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabea Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the company's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Company will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

**3/23 Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the statement of financial position date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the statement of financial position date.

The Company classifies all other liabilities as non-current

**3/24 Dividends**

Interim dividends are recognized as a liability in the period in which they are approved by the Board of Directors, and final dividends are recorded in the year in which they are approved by the General Assembly of shareholders.

**3/25 Segmental information**

An operating segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3/26 Transactions with related parties**

The Company has transactions and relationships with related parties consisting of shareholders, directors, senior management employees, and entities over which directors and key management personnel exercise significant influence. In the ordinary course of business, the Company enters into transactions with various related parties. As at each statement of financial position date, the names of these related parties, the nature and amount of transactions with them during the relevant period/year, and the balances due from/to these related parties are disclosed in the notes to the financial statements.

**3/27 Foreign Currencies translation**

Transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in the financials statement of profit or loss in the year in which they arise except for foreign exchange differences on monetary items due from or due to a foreign operation that are not likely or due to be settled (and therefore form part of the net Investment in the foreign operation) which is initially recognized in other comprehensive income and is reclassified from shareholders' equity to the statement of profit or loss upon settlement of the monetary items.

**4. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates. Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are. Revisions to accounting estimates are recognized in the period of revision and in future periods if the revision affects both current and future periods.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

***Measurement of defined benefit obligations***

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (18).

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**4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)**

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

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest cash-generating units that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or other cash-generating units.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation or amortization, if no impairment loss had been recognized.

***Impairment of trade and other receivables***

The Company follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Company to take into consideration certain estimates for forward looking factors while calculating the probability of default.

***Impairment for inventories***

Management estimates the impairment to reduce the inventories to its net realizable value if the cost of the inventories is not recoverable, or if the inventories are damaged or become obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than cost. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates consider fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

***Useful lives of property, plant and equipment***

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage and physical wear and tear. Management reviews the residual value and useful lives annually and any changes in depreciation charges (if any) are adjusted in current and future periods.

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**4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)**

***Fair value of assets and liabilities***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The Company has no assets or liabilities under this level as at 31 December 2025 and 31 December 2024.

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

**Level 3:** Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

The Company measures land classified under property, plant and equipment at fair value as at 31 December 2025 and 31 December 2024

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 31 December 2025 and 31 December 2024, there are no transfers between levels.

***Significant judgment in determining the lease term for contracts that include a renewal option***

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

***Going concern***

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in business for the foreseeable future as reflected in the financial statements.

The Company ability to continue in business depends on achieving additional cash flows from its business and its success in increasing its capital a rights issue. The Company has assessed its ability to continue as a going concern and management is not aware of any material doubt that may raise significant doubt about the Company's ability to continue as a going concern.

***Provisions***

Provisions, by their nature, rely on estimates and evaluations to confirm whether recognition criteria are met, including an estimate of the likelihood of cash outflows. Management's estimates of provisions for environmental matters are based on an estimate of costs, after considering legal advice and other information currently available. It also includes provisions for end-of-service benefits and exit costs, if any, in addition to management's judgment in estimating the expected cash outflows for end-of-service payments, site closure, or other exit costs. Provisions for contracts whose costs are greater than their benefits or uncertain liabilities involve management's best estimate of whether the cash outflows are probable.

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**4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)**

***Expected credit losses***

The allowance for expected credit losses is determined by referring to a group of factors to ensure that receivable balances are not overstated as a result of the possibility that they will not be collected, based on the age from the date of initial recognition of the receivables. To measure expected credit losses, the receivables are grouped based on the characteristics of common credit risks and the number of days past due. Expected loss rates have been derived from the Company's historical information and have been adjusted to reflect the expected future outcome, which includes any forward-looking information on macroeconomic factors such as inflation and GDP growth rate.

***Contingent liabilities***

Contingent liabilities, depending on their nature, will be settled depending on the occurrence or non-occurrence of one or more future events. Estimating these inherent liabilities involves the exercise of significant judgment and making estimates as to the outcome of future events.

**NAQI WATER COMPANY**  
(LISTED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
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**5- PROPERTY, PLANT AND EQUIPMENT, NET**

	Note	Land	Buildings and constructions on owned and leased lands	Trucks	Vehicles	Furniture and fixtures	Machinery and equipment	Tools	Computers	Desalination plant and laboratory equipment	Projects under constructions	Total
<b>Cost:</b>												
As at 1 January 2024		12,100,000	38,468,724	19,440,000	12,890,731	4,494,108	121,309,934	641,434	589,255	16,529,633	8,440,314	234,904,133
Additions during the year		--	1,433,113	--	3,514,199	704,315	1,140,217	558,932	248,813	537,691	24,631,548	32,768,828
Transfers to Intangible assets	7	--	--	--	--	--	--	--	--	--	(7,060,314)	(7,060,314)
Disposals during the year		--	(2,100,000)	--	(555,429)	--	--	--	--	--	--	(2,655,429)
<b>As at 31 December 2024</b>		<b>12,100,000</b>	<b>37,801,837</b>	<b>19,440,000</b>	<b>15,849,501</b>	<b>5,198,423</b>	<b>122,450,151</b>	<b>1,200,366</b>	<b>838,068</b>	<b>17,067,324</b>	<b>26,011,548</b>	<b>257,957,218</b>
<b>Additions during the year</b>		<b>--</b>	<b>134,814</b>	<b>--</b>	<b>2,481,056</b>	<b>215,372</b>	<b>1,878,129</b>	<b>314,113</b>	<b>198,032</b>	<b>30,500</b>	<b>38,534,932</b>	<b>43,786,948</b>
<b>Transfers from project under construction</b>		<b>--</b>	<b>2,719,160</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,909,052</b>	<b>301,148</b>	<b>--</b>	<b>--</b>	<b>(5,929,360)</b>	<b>--</b>
<b>Disposals during the year</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>(186,349)</b>	<b>--</b>	<b>(13,214,689)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(13,401,038)</b>
<b>As at 31 December 2025</b>		<b>12,100,000</b>	<b>40,655,811</b>	<b>19,440,000</b>	<b>18,144,208</b>	<b>5,413,795</b>	<b>114,022,643</b>	<b>1,815,627</b>	<b>1,036,100</b>	<b>17,097,824</b>	<b>58,617,120</b>	<b>288,343,128</b>
<b>Accumulated depreciation:</b>												
<b>As at 1 January 2024</b>		<b>--</b>	<b>5,434,385</b>	<b>4,392,747</b>	<b>8,202,787</b>	<b>3,172,102</b>	<b>55,061,456</b>	<b>124,875</b>	<b>354,104</b>	<b>12,537,662</b>	<b>--</b>	<b>89,280,118</b>
Depreciation for period	5/2	--	1,161,763	1,962,671	2,054,093	766,148	12,491,096	111,893	151,323	1,807,388	--	20,506,375
Accumulated depreciation of Disposals		--	(43,780)	--	(457,449)	--	--	--	--	--	--	(501,229)
<b>As at 31 December 2024</b>		<b>--</b>	<b>6,552,368</b>	<b>6,355,418</b>	<b>9,799,431</b>	<b>3,938,250</b>	<b>67,552,552</b>	<b>236,768</b>	<b>505,427</b>	<b>14,345,050</b>	<b>--</b>	<b>109,285,264</b>
Depreciation for period	5/2	--	1,168,125	1,962,776	2,655,027	504,174	12,443,639	138,427	128,949	1,687,933	--	20,689,050
Accumulated depreciation of Disposals		--	--	--	(186,349)	--	(11,380,455)	--	--	--	--	(11,566,804)
<b>As at 31 December 2025</b>		<b>--</b>	<b>7,720,493</b>	<b>8,318,194</b>	<b>12,268,109</b>	<b>4,442,424</b>	<b>68,615,736</b>	<b>375,195</b>	<b>634,376</b>	<b>16,032,983</b>	<b>--</b>	<b>118,407,510</b>
<b>Net book value:</b>												
<b>As at 31 December 2025</b>		<b>12,100,000</b>	<b>32,935,318</b>	<b>11,121,806</b>	<b>5,876,099</b>	<b>971,371</b>	<b>45,406,907</b>	<b>1,440,432</b>	<b>401,724</b>	<b>1,064,841</b>	<b>58,617,120</b>	<b>169,935,618</b>
As at 31 December 2024		12,100,000	31,249,469	13,084,582	6,050,070	1,260,173	54,897,599	963,598	332,641	2,722,274	26,011,548	148,671,954

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**5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)**

**5/1 Statement of Projects Under Construction:**

It includes projects under construction related to the expansion of the water sector and the laying poultry sector, as follows:

<u>Cost</u>	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Two water production line projects with capacities of 52,000 and 100,000 water bottles.	A	<b>28,973,635</b>	18,112,500
Poultry Expansion Project	B	<b>10,478,239</b>	--
Project for purchasing automatic battery chicken cage and egg sorting machines	C	<b>11,494,622</b>	7,451,424
Project to construction of Riyadh factory	D	<b>3,800,629</b>	--
Project desalination plant in Riyadh factory	E	<b>2,100,000</b>	--
Project to convert the "Qatra" line into bottle production.	F	<b>1,185,786</b>	--
Others		<b>584,209</b>	447,624
		<b>58,617,120</b>	<b>26,011,548</b>

A- During 2024, the Company entered into a contract with Middle East Machinery Factory Company Limited (a related party) for the installation of a new production line for water bottles of sizes (200 ml, 300 ml, and 600 ml), with a production speed of 52,000 bottles per hour. The total contract value amounts to SAR 20,125,000, including VAT. During the period, invoices totaling SAR 3,007,093 were received in respect of the project, which include VAT amounts that have been excluded from "Projects Under Construction." Additionally, advance payments of SAR 14,654,343 (including VAT) were made as of the reporting date (31 December 2024: SAR 18,112,500 including VAT), During 2025, the Company entered into a contract with Middle East Machinery Factory Co. Ltd. (a related party) for the installation of a new production line for water bottles of sizes (200 ml, 300 ml, and 600 ml), with a production speed of 100,000 bottles per hour. The total contract value amounts to EUR 8,537,000, excluding VAT, and the project is expected to be completed during 2026.

B- The poultry expansion project comprises the construction of poultry houses, electrical works, feeding systems, sewage systems, cooling works for the sorting hall, and refrigeration units for Bilad Al-Sham Contracting Company, with a total contract value of SAR 15,798,331 (excluding VAT). As of the reporting date, payments amounting to SAR 12,029,652 have been made, in addition to direct costs of SAR 333,282. The value of work completed to date amounts to SAR 2,719,160, and the project is expected to be completed during 2026.

C- The project involves the supply and installation of battery systems for poultry houses, with a total contract value of EUR 2,893,902 for Dutchman Company for the supply and installation of battery systems for laying poultry houses. The contract has been fully settled. The Company has capitalized an amount of SAR 3,210,200 as of the reporting date, In addition to value of The project for the supply and installation of egg sorting machines represents payments made to Brenzen Company for the supply and installation of egg sorting machines, with a total contract value of EUR 634,400, and the projects is expected to be completed during 2026.

D- During 2025, the Company entered into a contract with Al-Memari Advanced Company for the construction of a factory in the city of Riyadh, with a total contract value of SAR 19,003,144. In accordance with the contract, the Company paid an advance payment representing 20% of the total contract value.

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(All amounts in Saudi Riyals, unless otherwise stated)

**5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)**

**5/1 Statement of Projects Under Construction (continued):**

E- During 2025, the Company entered into a contract with Middle East Machinery Factory Company Limited (a related party) for the supply of machinery and equipment for a water desalination and treatment plant in the city of Riyadh, with a total contract value of SAR 4,200,000. In accordance with the terms of the contract, the Company paid an amount representing 50% of the total contract value.

F- During 2025, the Company entered into a contract with Middle East Machinery Factory Company Limited (a related party) for the supply of machinery and equipment to convert the production line from drip product production to Sahara product packaging, with a total contract value of EUR 900,000. In accordance with the contract, the Company paid an amount representing 30% of the total contract value.

**5/2 Depreciation for the year ended 31 December has been allocated as follows:**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b><u>Depreciation charged to the statement of profit or loss</u></b>			
Cost of revenue	24	<b>16,776,904</b>	17,021,077
Selling and distribution expenses	25	<b>3,522,201</b>	3,166,755
General and administrative expenses	26	<b>284,766</b>	318,543
		<b>20,583,871</b>	20,506,375
<b><u>Capitalized depreciation in the statement of financial position:</u></b>			
Biological assets – under rearing	6/1	<b>105,179</b>	--
		<b>20,689,050</b>	20,506,375

**5/3 pledge of Property, Plant and Equipment:**

The Company has pledged items of property, plant and equipment, including trucks, with a net book value of SAR 11,121,806 to a commercial bank under an Islamic financing agreement, as collateral for financing facilities obtained by the Company in prior years. During 2025, the Company settled all related obligations, and the procedures for releasing the pledge are currently in progress (Note 20).

**5/4 Disposals of Property, Plant and Equipment:**

Disposals during the year include the disposal of a bottled water production line under a sale agreement with Integrated Trading Company, with a net book value of SAR 1,834,234, in addition to spare parts with a net book value of SAR 115,112. The assets were disposed of for a total sale value of SAR 2,700,000 (excluding VAT), resulting in a gain on disposal amounting to SAR 750,654.

**5/5 Borrowing Costs Capitalization:**

No borrowing costs were capitalized during the current year or the comparative year.

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**6. BIOLOGICAL ASSETS**

Biological assets represent the value of live poultry flocks and are measured at cost less accumulated depreciation and any impairment losses, if applicable. The details are as follows

	Note	Poultry for table egg production – Productive	Poultry for table egg production – Under Rearing	Total
<b>Cost</b>				
<b>At 1 January 2024</b>		2,230,242	--	2,230,242
Additions during the year		981,856	--	981,856
Disposal during the year		(487,611)	--	(487,611)
<b>Balance as at 31 December 2024</b>		<u>2,724,487</u>	<u>--</u>	<u>2,724,487</u>
Additions during the year	6/1	--	<b>2,686,037</b>	<b>2,686,037</b>
Disposal during the year		<b>(2,724,487)</b>	--	<b>(2,724,487)</b>
<b>Balance as at 31 December 2025</b>		<u>--</u>	<u><b>2,686,037</b></u>	<u><b>2,686,037</b></u>
<b>Accumulated Depreciation:</b>				
<b>Depreciation as at 1 January 2024</b>		379,729	--	379,729
Amortization during the year	24	2,229,110	--	2,229,110
Amortization for disposal during the year		(248,002)	--	(248,002)
<b>Balance as at 31 December 2024</b>		<u>2,360,837</u>	<u>--</u>	<u>2,360,837</u>
Amortization during the year	24	<b>354,339</b>	--	<b>354,339</b>
Amortization for disposal during the year		<b>(2,715,176)</b>	--	<b>(2,715,176)</b>
<b>Balance as at 31 December 2025</b>		<u>--</u>	<u>--</u>	<u>--</u>
<b>Net book value</b>				
<b>Balance as at 31 December 2025</b>		<u>--</u>	<u><b>2,686,037</b></u>	<u><b>2,686,037</b></u>
Balance as at 31 December 2024		<u>363,650</u>	<u>--</u>	<u>363,650</u>

6/1 The cost of poultry flocks under rearing includes the cost of chicken poultry, rearing costs, and depreciation expense of poultry houses amounting to SAR 105,179 (2024: None).

6/2 The poultry flocks were transferred to productive flocks during the year, and egg production commenced in the first quarter of 2026.

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**7. LEASE CONTRACTS**

**7/1 The following represents movements in right-of-use assets during the year**

Lease contracts for sales branches, warehouses for storing goods, and some of the Company's new factories, with lease terms ranging from three to fifteen years. These contracts have been recognized and capitalized in accordance with International Financial Reporting Standard (IFRS) 16, using a discount rate of 5.5%.

	<u>Note</u>	<u>31 December 2025</u>	31 December 2024
<b><u>Cost:</u></b>			
<b>Balance at 1 January</b>		<b>7,016,466</b>	6,623,989
Additions during the year		<b>1,887,910</b>	392,477
Disposals and adjustments during the year	7/4	<b>(2,015,881)</b>	--
<b>Balance at the end of the year</b>		<b>6,888,495</b>	7,016,466
<b><u>Accumulated amortization:</u></b>			
<b>Balance at 1 January</b>		<b>3,512,377</b>	2,161,559
Amortization during the year	25	<b>1,493,661</b>	1,350,818
Disposals and adjustments during the year	7/4	<b>(1,625,669)</b>	--
<b>Balance at the end of the year</b>		<b>3,380,369</b>	3,512,377
<b><u>Net book value</u></b>			
<b>Balance at the end of the year</b>		<b>3,508,126</b>	3,504,089

**7/2 The movement in the lease liabilities is as follows:**

		<u>31 December 2025</u>	31 December 2024
<b>Balance at 1 January</b>		<b>3,024,185</b>	3,942,318
Additions during the year		<b>1,887,910</b>	392,477
Finance cost	28	<b>196,352</b>	203,327
Disposals and adjustments during the year	7/4	<b>(373,009)</b>	--
Transferred to accrued expenses and other Credit balances		<b>(37,360)</b>	--
Payment during the year		<b>(1,716,179)</b>	(1,513,937)
<b>Balance at the end of the year</b>		<b>2,981,899</b>	3,024,185
lease liabilities - non-current portion		<b>1,422,022</b>	2,002,119
lease liabilities - current portion		<b>1,559,877</b>	1,022,066
		<b>2,981,899</b>	3,024,185

7/3 Expenses relating to short-term and low-value leases for the year ended 31 December 2025 amounted to SAR 436,739 (2024: SAR 295,696). These leases do not include any significant commitments and have been recognized as operating expenses. accordingly, they have not been recognized as right-of-use assets.

**7/4 The table below shows the result of lease contract disposals during the year as follows:**

	<u>Notes</u>	<u>2025</u>	2024
Cost of right of use assets	7/1	<b>(2,015,881)</b>	--
Accumulated amortization of right of use assets	7/1	<b>1,625,669</b>	--
lease liabilities	7/2	<b>373,009</b>	--
Losses on disposals of finance lease contracts	27	<b>(17,203)</b>	--

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**7. LEASE CONTRACTS (CONTINUED)**

**7/5 Key estimates and estimate of lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated), taking into consideration other factors such as:

- Significant leasehold improvements that have been undertaken (or are expected to be undertaken) over the term of the contract that are expected to have significant economic benefits for the Company.
- Costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the Company's needs.
- The importance of the underlying asset to the Company's operations.

**8. INTANGIBLE ASSETS, NET**

	<u>Note</u>	<u>software and computer licenses</u>	<u>Right of use leased land *</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b><u>Cost</u></b>					
Balance at 1 January		1,363,731	7,234,238	8,597,969	5,366,036
Additions during the year		--	--	--	*7,281,933
Disposal during the year		--	--	--	(4,050,000)
<b>Balance at the end of the year</b>		<b>1,363,731</b>	<b>7,234,238</b>	<b>8,597,969</b>	<b>8,597,969</b>
<b><u>Accumulated Amortization</u></b>					
Balance at 1 January		561,442	399,680	961,122	462,156
Amortization charged on the year	26	133,613	479,616	613,229	670,576
Disposal during the year		--	--	--	(171,610)
<b>Balance at the end of the year</b>		<b>695,055</b>	<b>879,296</b>	<b>1,574,351</b>	<b>961,122</b>
<b><u>Net book value</u></b>					
<b>Balance at the end of the year</b>		<b>668,676</b>	<b>6,354,942</b>	<b>7,023,618</b>	<b>7,636,847</b>

\* Additions to right-of-use assets during 2024 represent the value of leased land relating to the right-of-use of plot No. (0020M00216) included in lease contract No. (24000129) with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in the Second Industrial City in the city of Riyadh.

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**9. TRADE RECEIVABLES, NET**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade receivables		18,851,435	24,482,198
Less: Expected credit loss provision	9/1	<u>(6,638,787)</u>	<u>(2,897,254)</u>
		<u>12,212,648</u>	<u>21,584,944</u>

**9/1 The movement in allowance for expected credit losses during the year is as follows:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Balance at beginning of the year</b>	<b>2,897,254</b>	1,767,773
Provided during the year	<b>3,741,533</b>	1,129,481
<b>Balance at end of year</b>	<b><u>6,638,787</u></b>	<u>2,897,254</u>

**9/2 The following is an ageing analysis of trade receivables and the expected credit loss allowance as at 31 December:**

As at 31 December 2025, the Company has assessed the allowance for expected credit losses (ECL) on trade receivables in accordance with the requirements of IFRS 9 'Financial Instruments'. The ECL has been determined using a simplified approach based on an aging analysis of receivables, historical default experience, and adjusted for forward-looking information, taking into consideration the credit period granted to customers.

**Ageing of the trade receivables as at 31 December is as follows:**

<u>Duration</u>	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Balance</u>	<u>Impairment</u>	<u>Balance</u>	<u>Impairment</u>
Not due	5,345,878	232,949	8,744,858	17,822
Overdue for 0 to 90 days	6,024,506	378,187	4,086,880	81,496
Overdue for 91 to 180 days	1,185,556	275,511	4,045,474	233,582
Overdue for 181 to over 365 Days	6,295,495	5,752,140	7,604,986	2,564,354
	<u>18,851,435</u>	<u>6,638,787</u>	<u>24,482,198</u>	<u>2,897,254</u>

- Additional information relating to the Company's exposure to credit and market risks is disclosed in Note 33.

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**10. INVENTORIES, NET**

	Note	31 December 2025	31 December 2024
<b>Water inventory:</b>			
Raw materials – water		7,860,494	12,296,622
Finished goods – water		2,990,984	1,760,368
Chemicals		499,654	527,500
<b>Biological inventory:</b>			
Raw materials - Egg		361,488	894,300
Products - Table Eggs		--	198,481
<b>Spare parts inventory:</b>			
Spare parts		6,974,364	6,564,324
Vehicle spare parts		246,641	430,548
		<u>18,933,625</u>	<u>22,672,143</u>
Less: Provision for obsolete inventory	10/1	<u>(882,080)</u>	<u>(2,130,820)</u>
		<u><b>18,051,545</b></u>	<u><b>20,541,323</b></u>

**10/1 The following is an obsolete inventory provision movement:**

	Note	31 December 2025	31 December 2024
<b>Balance at beginning of the year</b>		<u>2,130,820</u>	--
Used during the year		<u>(1,060,571)</u>	--
No longer required provision during the year	24	<u>(188,169)</u>	--
Provided during the year	24	<u>--</u>	<u>2,130,820</u>
<b>Balance at the end of the year</b>		<u><b>882,080</b></u>	<u>2,130,820</u>

**11. RELATED PARTY**

Transactions with related parties mainly consist of purchases of raw materials and provision of services, which are carried out according to agreed and approved terms by management.

**11/1 Due from Related parties:**

	31 December 2025	31 December 2024
Seqa united Company	<u>7,291,105</u>	<u>13,886,061</u>
	<u><b>7,291,105</b></u>	<u>13,886,061</u>

**11/2 Due to related parties**

	31 December 2025	31 December 2024
Middle East Machinery Factory Co. Ltd.	<u>1,575,442</u>	<u>237,246</u>
	<u><b>1,575,442</b></u>	<u>237,246</u>

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**11. RELATED PARTY**

**11/3 The following is a statement of transactions with related parties during the year:**

<b>Name of related parties</b>	<b>Nature of Relation</b>	<b>Nature of transaction</b>	<b>2025</b>	<b>2024</b>
Seqa united Company	shareholder	Raw material purchases	<b>49,545,297</b>	63,402,948
		Payments for Raw material purchases	<b>(37,166,182)</b>	(77,603,598)
		Services and discounts	<b>(4,030,411)</b>	(1,385,575)
		Returns	<b>(1,753,748)</b>	(275,753)
Zulal Water Factory Company	Affiliate Company		--	(2,341)
		Other expenses		
		Purchases	<b>1,537,969</b>	--
		Payment for purchases	<b>(1,537,969)</b>	--
Middle East Machinery Factory Co. Ltd.	Affiliate Company	Purchase of property, equipment and spare parts	<b>3,636,165</b>	2,319,539
		Payment for the purchase of property, plant and equipment and spare parts	<b>(2,399,565)</b>	(15,873,598)
		Purchase of property, Plant and Equipment under Construction	<b>18,882,186</b>	18,112,500
		Payment of advances for the purchase of property, plant and equipment	<b>(18,882,186)</b>	--
		Other expenses	<b>101,596</b>	482,358

**11/4 Senior management compensation**

Senior management are those who exercise authority and responsibility for planning, directing and monitoring the activities of the Company, directly or indirectly, including directors (whether executive or otherwise). Salaries, wages and other benefits during the year were as follows:

<b>Nature of Transactions</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Salaries, allowances and incentives – senior Management	<b>2,075,033</b>	2,151,255
End-of-service benefits – Senior Management	<b>177,442</b>	126,902
Remuneration of Board Members and its committees	<b>393,000</b>	347,500

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**12. PREPAYMENTS AND OTHER RECEIVABLES, NET**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Prepaid expenses		3,862,206	2,344,949
Advance to suppliers		1,837,925	785,862
Employee's loans		182,657	574,167
Employee's custody		828,107	457,789
Accrued interest		12,178	144,264
Other debit balances	12/1	892,821	894,086
<b>Less:</b>		<b>7,615,894</b>	<b>5,201,117</b>
Provision for impairment		(1,274,761)	(1,297,996)
		<b>6,341,133</b>	<b>3,903,121</b>

**12/1 An analysis of the provision for impairment of prepaid expenses and other receivables is as follows:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Provision for other debit balances	892,821	892,821
Provision for employee's custody	381,940	405,175
	<b>1,274,761</b>	<b>1,297,996</b>

**12/2 The movement in the allowance for impairment in prepaid expenses and other receivables is as follows:**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year		1,297,996	1,144,996
The item was derecognized during the year	29	(23,235)	--
Charged for the year	29	--	153,000
Balance at the end of the year		<b>1,274,761</b>	<b>1,297,996</b>

**13 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

It consists of the investment value in shares of companies traded in the Saudi stock market for the purpose of trading. The Company retains this portfolio with a licensed local brokerage firm in the Kingdom of Saudi Arabia. The investments are proven at fair value as of December 31, 2025, according to the closing prices at the end of trading on the financial center's date. The movement of the assets is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	6,187,094	--
Additions during the year	61,782,348	5,755,790
Disposals during the year	(827,277)	--
Revaluation (loss) / profit (Unrealized)	(13,735,896)	431,304
Balance at the end of the year	<b>53,406,269</b>	<b>6,187,094</b>

- On 27 March 2025, the Board of Directors approved increasing the maximum limit of the Company's investment portfolio to SAR 50 million, and on 19 November 2025, the Board further approved an increase of the maximum limit to SAR 70 million

- Level 1 inputs are used to measure fair value and consist of unadjusted quoted prices in active markets for identical assets or liabilities

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**14 - CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>31 December 2025</b>	31 December 2024
Cash at banks		<b>16,535,653</b>	35,281,158
Cash on hand		<b>243,718</b>	920,482
Credit cards		<b>55,527</b>	11,882
Time deposits*	14/1	--	42,067,060
Cash in the investment portfolio		--	4,457,990
		<b>16,834,898</b>	<b>82,738,572</b>
<b>Less: Restricted cash</b>	14/2	--	(5,143,911)
Cash and cash equivalents as shown in the statement of cash flows		<b>16,834,898</b>	<b>77,594,661</b>

14/1 The maturity period of the deposits is less than three months from the date of acquisition, and according to Islamic law, they are distributed among commercial banks. The Company achieved revenues during the fiscal year of 1,938,218 Saudi riyals (2024: 4,152,164 Saudi riyals).

14/2 The final batch of the project for the supply and installation of laying hens was due on November 15, 2024, which was contracted to be provided to the supplier by Big dutchman with a covered concession letter of €1,302,256. The Company worked to complete the procedures for implementing the letter during the month of December 2024, and the amount of the letter of facilities covered in euros was deposited, which was transferred at an exchange rate equivalent to 5,143,911 Saudi Riyals, was deposited and all payments were made during 2025.

14/3 All balances are estimated to be of low credit risk as they are deposited with well-known institutions with high credit ratings. There were no indications of default at any time on any of the company's bank balances. Therefore, the probability of default based on future factors or any default cases resulting from losses is almost negligible or non-existent.

**15. SHARE CAPITAL**

The Company's issued and fully paid share capital amounted to SAR 200 million, fully subscribed, divided into 20 million shares of equal value, with a par value of SAR 10 per share. The major shareholders are as follows:

	<b>31 December 2025</b>		31 December 2024	
	<b>No. of shares</b>	<b>Ratio</b>	No. of shares	Ratio
Amin Abdullah Al mallah	<b>7,000,000</b>	<b>35%</b>	7,000,000	35%
Seqa united company	<b>7,000,000</b>	<b>35%</b>	7,000,000	35%

**16. STATUTORY RESERVE**

In accordance with the provisions of the Companies Law in the Kingdom of Saudi Arabia and the Articles of Association until January 1, 2023, the Company had to transfer 10% of the net income for the year to form a statutory reserve until the balance of this reserve reached 30% of the capital. This statutory reserve is not available for distribution to shareholders.

**17. DIVIDENDS**

**For the year ended 31 December 2025**

No dividends were distributed during the year.

**During the year ended 31 December 2024:**

On June 27, 2024, the Ordinary General Assembly, based on the recommendation of the Board of Directors, approved cash dividends of SAR 10,000,000, which represents 5% of the company's capital, to shareholders for the third and fourth interim periods of 2023, amounting to SAR 0.5 for you shares, and the distribution took place during the third quarter

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**18. EMPLOYEE END OF SERVICE BENEFITS**

**18/1 The following is the movement in employee benefit obligations:**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as of 1 January		5,003,895	4,390,338
<b><u>Recognized in profit or loss</u></b>			
Current service cost		1,351,134	1,268,409
Finance cost	28	228,739	208,835
		1,579,873	1,477,244
<b><u>Recognized in Comprehensive income</u></b>			
Actuarial (gains) / loss from remeasurement		312,779	(606,899)
Actual benefits paid during the year		(728,328)	(256,788)
Balance as at 31 December 2025		<u>6,168,219</u>	<u>5,003,895</u>

**18/2 The valuation was prepared by an independent external actuary using the following key assumptions:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	5.00%	4.93%
Salaries increase rate	4.20%	4.20%

**18/3 The sensitivity of the employee benefit obligation:**

<b>Factor</b>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b><u>Discount rate</u></b>		
Increase 1%	5,753,280	4,677,509
Decrease 1%	6,613,231	5,353,174
<b><u>Long term salary</u></b>		
Increase 1%	6,613,084	5,353,056
Decrease 1%	5,753,209	4,677,451
<b><u>Deaths rate</u></b>		
Increase 10%	6,107,298	4,954,474
Decrease 10%	6,227,084	5,051,648
<b><u>Employee turnover rates</u></b>		
Increase 10%	6,066,729	4,904,106
Decrease 10%	6,276,023	5,110,309

The sensitivity analysis above is based on a change in a hypothesis while all other assumptions remain constant. In practice, this is unlikely to happen, and changes in some assumptions may be interconnected. The same method was used in calculating employees' end-of-service benefit liabilities recognized in the statement of financial position when calculating Sensitivity of the employee end-of-service obligation to significant actuarial assumptions (present value of the employee benefit obligation calculated by the projected unit credit method at the end of the report). The methods and types of hypotheses used in the preparation of the sensitivity analysis did not change compared to the previous year

**18/4 The undiscounted expected cash flows for employee termination benefits is as follow:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Within one year	315,743	276,120
From one to five years	3,408,526	2,023,750
More than five years	<u>7,354,190</u>	<u>6,213,466</u>

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**19. TRADE PAYABLES**

	<u><b>31 December 2025</b></u>	<u>31 December 2024</u>
Local Suppliers	<b>8,746,912</b>	12,843,572
External Suppliers	<b>18,820</b>	1,060,938
	<u><b>8,765,732</b></u>	<u>13,904,510</u>

Trade payables are non-interest bearing and are generally settled within a period ranging from 30 to 120 days.

**20. ISLAMIC MURABAHA**

	<u><b>31 December 2025</b></u>	<u>31 December 2024</u>
Islamic murabaha	--	4,755,669
Deferred costs	--	(101,200)
	<u><b>--</b></u>	<u>4,654,469</u>

The movement in loans consists of the following:

	<u><b>31 December 2025</b></u>	<u>31 December 2024</u>
Balance at January 1	<b>4,654,469</b>	8,913,639
Payment during the year	<b>(4,654,469)</b>	(4,259,170)
<b>Balance at December 31</b>	<u><b>--</b></u>	<u>4,654,469</u>

During 2020, the Company entered into an Islamic financing agreement with Riyadh Bank amounting to SAR 20,500,000. The Company used this loan to finance the acquisition of trucks. The financing bears a fixed profit rate of SIBOR plus 4% per annum and is repayable in 20 quarterly installments over a period of five years.

The trucks, with a carrying amount of SAR 11,121,806, were pledged as collateral for the financing, in addition to promissory notes in favor of the lending bank amounting to SAR 24,600,000, which were signed by the Company's shareholders. The Company has settled all outstanding amounts, and the release of the pledge over the trucks is currently in progress.

The total finance cost charged to the statement of profit or loss in respect of the loan during the year amounted to SAR 101,201 (2024: SAR 496,500) (Note 28).

**21. ACCRUED EXPENSES AND OTHER PAYABLES**

	<u><b>31 December 2025</b></u>	<u>31 December 2024</u>
Accrued expenses	<b>3,561,465</b>	3,734,499
Accrued Board of Directors' meeting remuneration	<b>305,000</b>	253,500
Value added tax (VAT)	<b>381,172</b>	1,184,916
Advances from customers	<b>256,013</b>	137,818
Other Payables	<b>3,173</b>	3,137
	<u><b>4,506,823</b></u>	<u>5,313,870</u>

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**22. ZAKAT**

**22/1 Zakat Calculation**

The following is the calculation of zakat expenses according to the Authority's requirements for submitting updated zakat returns:

	<u>31 December 2025</u>	<u>31 December 2024</u>
(Loss) / profit for the year before Zakat	(317,850)	33,140,829
Board of Directors' remuneration	393,000	--
<b>Adjusted net profit</b>	<b>75,150</b>	<b>33,140,829</b>
<b>Additions</b>		
Share capital	200,000,000	200,000,000
Reserves	19,911,805	19,895,212
Retained earnings	50,981,077	53,862,377
End of service provision	6,168,219	5,003,895
Islamic Murabha	--	4,654,469
Provisions and adjustments	2,793,000	--
Lease liability	1,422,022	3,024,185
Allocation of current liabilities and other additions (Article 25)	1,038,057	237,247
<b>Total additions</b>	<b>282,314,180</b>	<b>286,677,385</b>
<b>Discounts</b>		
Property, plant and equipment	(169,935,618)	(148,671,954)
Right of use asset, net	(3,508,126)	(3,504,089)
Biological assets	(2,686,037)	(363,650)
Intangible assets	(7,023,618)	(7,636,847)
Spare parts inventory	(7,221,005)	(6,994,872)
Restricted cash	--	(5,143,911)
<b>Total deductions</b>	<b>(190,374,404)</b>	<b>(172,315,323)</b>
<b>Total approved zakat base</b>	<b>91,939,776</b>	<b>114,362,062</b>
<b>Minimum zakat base according to Article 27</b>	<b>(317,850)</b>	<b>148,841,115</b>
<b>Maximum zakat base according to Article 28</b>	<b>273,292,882</b>	<b>273,923,511</b>
<b>Approved zakat base</b>	<b>91,939,776</b>	<b>118,238,742</b>
<b>Shariah Zakat at a rate of 2.5% of the Zakat base</b>	<b>2,369,917</b>	<b>2,955,969</b>

**22/2 Movement of Zakat provision**

The movement of the zakat provision of the year is as follows

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	2,955,969	3,029,391
Charge for the year	2,369,917	2,955,969
payments during the year	(2,955,969)	(3,029,391)
	<b>2,369,917</b>	<b>2,955,969</b>

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**22. ZAKAT (CONTINUED)**

**22/3 Zakat and tax position**

**First: Zakat Status**

**The years from the Company's inception up to 31 December 2023:**

The Company has been inspected by the Zakat, Tax and Customs Authority (ZATCA). Final assessments for these periods were received, and all outstanding Zakat differences have been settled

**Year 2024**

The Company submitted its financial statements and Zakat declaration to the Zakat, Tax and Customs Authority within the prescribed deadlines. The Company also responded to inquiries relating to the year under review and submitted all required supporting documents. The final assessment from the Authority has not yet been received.

The Company has obtained a Zakat certificate (No. 1116231312), which is valid until 30 April 2026. There are currently no outstanding claims or disputes.

**Second: Tax position**

The Company is committed to filing VAT returns on time and there are no outstanding disputes.

The Company is committed to submitting withholding tax returns within the statutory deadlines, and there are no disputes.

**23. REVENUE**

	<u>2025</u>	<u>2024</u>
<b>Water sales revenue:</b>		
Local retail sales - bottled water	<b>143,300,518</b>	133,409,049
Local wholesale sales - bottled water	<b>34,348,972</b>	67,700,988
Export sales - bottled water	<b>3,059,402</b>	3,187,189
<b>Poultry sale revenue:</b>		
Local retail sales - egg production	<b>1,736,193</b>	7,336,700
Local wholesale sales - egg production	<b>206,307</b>	1,966,751
<b>Services revenue:</b>		
Logistics service revenue	<b>4,293,695</b>	5,739,456
	<b><u>186,945,087</u></b>	<u>219,340,133</u>

All of the company's sales are at a specific point in time, and there are no contracts with customers to supply products over long periods of time.

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**24. COST OF SALES**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Consumed raw materials		<b>68,141,502</b>	83,087,092
Depreciation of property plant and equipment	5/2	<b>16,776,904</b>	17,021,077
Salaries, wages and equivalents		<b>14,987,082</b>	14,604,766
Operating expenses		<b>4,126,785</b>	4,304,914
Consumed Spare Parts		<b>3,773,838</b>	3,938,545
Electricity and Water		<b>3,474,262</b>	3,260,214
Fuels		<b>2,818,695</b>	2,304,535
Cost of pallets of customer		<b>2,260,553</b>	--
Logistics services expenses		<b>1,211,999</b>	2,070,868
Operating expenses - egg production lines		<b>1,134,691</b>	6,202,874
Amortization of biological assets	6	<b>354,339</b>	2,229,110
Chemicals used		<b>796,145</b>	949,716
Provision for obsolete inventory	10/1	<b>(188,169)</b>	2,130,820
Maintenance and insurance		<b>203,733</b>	588,834
		<b><u>119,872,359</u></b>	<b><u>142,693,365</u></b>

**25. SELLING AND DISTRIBUTION EXPENSES**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Salaries, wages and equivalents		<b>17,480,451</b>	16,449,819
Sales commissions		<b>4,817,178</b>	2,887,769
Fuel		<b>4,816,060</b>	3,755,071
Car maintenance		<b>4,147,327</b>	2,969,606
Depreciation of property plant and equipment	5/2	<b>3,522,201</b>	3,166,755
Advertising and promotion expenses		<b>1,784,746</b>	2,660,938
Amortization of right of use	7/1	<b>1,493,661</b>	1,350,818
Repair and Maintenance		<b>14,979</b>	48,722
Others		<b>1,573,246</b>	1,695,759
		<b><u>39,649,849</u></b>	<b><u>34,985,257</u></b>

**26. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Salaries, wages and equivalents		<b>11,807,869</b>	11,092,966
Amortization of intangibles assets	8	<b>613,229</b>	670,576
Government Fees and Subscriptions		<b>574,769</b>	577,885
Professional and consultation fees		<b>963,286</b>	451,696
Depreciation of property plant and equipment	5/2	<b>284,766</b>	318,543
Mail, Phone, and Internet		<b>196,535</b>	205,241
Hospitality and Cleaning		<b>92,103</b>	151,886
Tadawul Expense		<b>224,080</b>	110,791
Stationery and Printing		<b>27,056</b>	53,332
Others		<b>1,719,253</b>	1,199,141
		<b><u>16,502,946</u></b>	<b><u>14,832,057</u></b>

\* Professional fees for reviewing the annual financial statements and examining the interim financial statements of the Company amounted to SAR 425,000 (2024: SAR 385,000).

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**27. OTHER INCOME (EXPENSES)**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Capital gains from disposal of property, plant and equipment		<b>802,393</b>	3,701,796
Gains / (losses) from foreign exchange		<b>1,320,391</b>	(97,829)
Loss from disposal of finance lease contracts	7/4	<b>(17,203)</b>	--
Others		<b>115,112</b>	16,842
		<b>2,220,693</b>	3,620,809

**28. FINANCE COSTS**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Finance costs from Islamic Murabaha	20	<b>101,201</b>	496,500
Finance costs for employee end-of-service benefits	18	<b>228,739</b>	208,835
Finance costs on finance lease contracts	7/1	<b>196,352</b>	203,327
		<b>526,292</b>	908,662

**29. EXPECTED CREDIT LOSSES PROVISION**

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Expected credit losses provision for trade receivables	9/1	<b>3,741,533</b>	1,129,481
(Reversal) / expected credit losses provision for other receivables	12/2	<b>(23,235)</b>	153,000
		<b>3,718,298</b>	1,282,481

**30. (LOSS) / EARNINGS PER SHARE**

**30/1 Basic (loss) / earning per share:**

Basic (loss) / earning per share has been calculated based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding as at the reporting date.

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
(Loss) / profit attributable to the Company's shareholders	<b>(2,687,767)</b>	30,184,860
Number of shares	<b>20,000,000</b>	20,000,000
Basic (loss) / earning per share from profit for the year attributable to the Company's shareholders	<b>(0.13)</b>	1.51

***Diluted (loss) / earning per share***

Diluted (loss) / earning per share is calculated based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, after adjusting for the effects of any potential dilutive ordinary shares, if any.

During the year, there were no issued dilutive shares; therefore, diluted (loss) / earning per share does not differ from basic (loss) / earning per share.

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**31. CAPITAL COMMITMENTS AND CONTINGENCIES**

**31/1 Capital Commitment**

	<u>2025</u>	<u>2024</u>
Total capital contractual	98,517,677	34,435,796
Total executed works and payments made	(47,155,231)	(25,169,649)
	<u>51,362,446</u>	<u>9,266,147</u>

**31/2 Contingent liabilities**

As at 31 December 2025 and 2024, the Company had no material contingent liabilities or other commitments.

**32. SEGMENT REPORTING**

**Segment report**

The presentation of operating segments is determined on the basis that the risks and rewards of the Company are significantly affected by differences in the products of those segments. These segments are organized and managed separately according to the nature of the products, with each representing a separate unit. The operating segments set out below are identified based on distinguishing business activities from which the Company earns revenues and incurs costs.

Economic characteristics are reviewed, and operating segments are aggregated based on the organization established by the Chief Operating Decision Maker at least on a quarterly basis and are reviewed by the Company's senior management.

The Company is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

<u>Revenue for the year ending at</u>	<u>Local sales- water</u>	<u>Export sales- water</u>	<u>Logistic sales</u>	<u>Egg sales</u>	<u>Total</u>
<b>31 December 2025</b>	<u>177,649,491</u>	<u>3,059,401</u>	<u>4,293,695</u>	<u>1,942,500</u>	<u>186,945,087</u>
31 December 2024	<u>201,110,037</u>	<u>3,187,189</u>	<u>5,739,456</u>	<u>9,303,451</u>	<u>219,340,133</u>

<u>receivables as at</u>	<u>Local customers- water</u>	<u>Export customers - water</u>	<u>Egg customer</u>	<u>Total</u>
<b>31 December 2025</b>	<u>18,801,028</u>	--	<u>50,407</u>	<u>18,851,435</u>
31 December 2024	<u>23,981,572</u>	<u>225,626</u>	<u>275,000</u>	<u>24,482,198</u>

**Geographical segment**

Sales by region are as follows:

	<u>2025</u>	<u>2024</u>
Central Region	130,854,263	151,052,836
Western Region	20,835,679	24,440,364
Eastern Region	16,692,130	17,220,674
Northern Region	8,747,001	13,404,217
Revenue from logistics services	4,293,695	5,739,456
Southern Region	2,462,918	4,295,397
External exports	3,059,401	3,187,189
	<u>186,945,087</u>	<u>219,340,133</u>

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**33. FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**33/1 Financial risk management framework**

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, Financial assets at fair value through Profit or loss, loans, trade payables and accrued expenses and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**33/2 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and another price risk.

**33/2/1 Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company core transactions during the period were denominated in Saudi Riyals and UAE Dirham. Since the exchange rate of the Saudi riyal is fixed against the UAE dirham, there are no significant risks associated with transactions and balances denominated in the UAE dirham.

The following is the quantitative data related to the foreign currency position:

**As of December 31, 2025:**

	<u>Note</u>	<u>UAE Dirham</u>	<u>SAR</u>
Trade Payables	19	18,820	19,217

**As of December 31, 2024:**

	<u>Note</u>	<u>UAE Dirham</u>	<u>SAR</u>
Trade Payables	19	1,038,970	1,060,938

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**33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**33/2 Market risk (continued)**

**33/2/2 Risks of change in other purchasing prices**

These are the risks associated with changes in the prices of some commodities, which the Company is exposed to, which may have an undesirable impact on the company's costs and cash flows. These commodity price risks arise from anticipated purchases of certain goods from the raw materials used by the company.

**33/3 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers and the company's trade receivables are due from eight main customers. Trade receivables are stated at their estimated realizable values.

The following is the total maximum credit risk that the Company is exposed to:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	14	<b>16,591,180</b>	81,818,090
Trade receivable	9	<b>12,212,648</b>	21,584,944
Due from related party	11/1	<b>7,291,105</b>	13,886,061
Other debit balances	12	<b>641,002</b>	772,310
		<b><u>36,735,935</u></b>	<u>118,061,405</u>

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**33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**33/4 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

<u>As at 31 December 2025</u>	<u>Note</u>	<u>Less than a year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Trade payable	19	8,765,732	--	8,765,732
Accrued expenses and other credit balances	21	4,506,823	--	4,506,823
Due to related party	11/2	1,575,442	--	1,575,442
Lease Liabilities	7/2	1,559,877	1,422,022	2,981,899
Zakat provision	22	2,369,917	--	2,369,917
		<u>18,777,791</u>	<u>1,422,022</u>	<u>20,199,813</u>
<u>As at 31 December 2024</u>	<u>Note</u>	<u>Less than a year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Trade payable	19	13,904,510	--	13,904,510
Accrued expenses and other credit balances	21	5,313,870	--	5,313,870
Loans	20	4,654,469	--	4,654,469
Due to related party	11/2	237,246	--	237,246
Lease Liabilities	7/2	1,022,066	2,002,119	3,024,185
Zakat provision	22	2,955,969	--	2,955,969
		<u>28,088,130</u>	<u>2,002,119</u>	<u>30,090,249</u>

The Company manages liquidity risk by maintaining adequate reserves, bank facilities and loans, by continuously monitoring future cash flows, and by matching the maturities of assets and cash liabilities.

**33/5 Capital management**

The company's objective when managing capital is to safeguard 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 to maintain a strong capital base to support the sustained development of its businesses.

The Company's adjusted net debt to net equity ratio was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total liabilities	26,368,032	35,094,144
Less: Cash and cash equivalents	(16,834,898)	(77,594,661)
Net liabilities	<u>9,533,134</u>	<u>(42,500,517)</u>
Total shareholders' equity	270,922,965	273,757,589
Net liabilities to shareholders' equity	<u>4%</u>	<u>(15%)</u>

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**34. COMPARATIVE FIGURES**

Some comparative figures have been reclassified to conform with the presentation of the financial statements for the current year.

<u>statement of profit or loss:</u>	<u>Before reclassification 2024</u>	<u>Reclassification</u>	<u>After reclassification 2024</u>
Capital gains from disposal of property, plant and equipment and right of use assets	3,565,390	(3,565,390)	--
Other income	<u>139,880</u>	<u>3,565,390</u>	<u>3,705,270</u>

**35. SIGNIFICANT SUBSEQUENT EVENTS**

During the subsequent period, on 15 Ramadan 1446H (corresponding to 3 March 2026), the Extraordinary General Assembly, with an attendance rate of 71%, approved the Company's dividend distribution policy for the financial years 2026, 2027, and 2028 as follows:

- SAR 2 per share for the fiscal year 2026
- SAR 3 per share for the fiscal year 2027
- SAR 4 per share for the fiscal year 2028

The policy will be effective from the beginning of 2026 for a period of three years, commencing with distributions for the first half of 2026 and concluding with distributions for the second half of 2028.

This dividend policy remains subject to change based on any material developments in the Company's strategy and operations, applicable regulatory requirements, financing arrangements, or significant increases in future investments and projects.

Furthermore, on 20 January 2026, the Company received letters from major shareholders, representing 70% of the Company's share capital, confirming their waiver of 50%, 55%, and 60% of their respective dividend entitlements for the years 2026, 2027, and 2028, respectively, in order to support and maintain the stability of the company's financial position.

**36. APPROVAL OF THE FINANCIAL STATEMENTS**

This financial statement was authorized for issue by the Board of Directors on 12 Shawwal 1447 (corresponding to 31 March 2026).