

AL-SHARQIYAH DEVELOPMENT GROUP
(A Saudi Joint Stock Company)

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

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL-SHARQIYAH DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT

QUALIFIED OPINION

We have audited the consolidated financial statement of **Al-Sharqiyah Development Company – a Saudi Joint Stock and its subsidiaries (together referred to as the ‘Group’)**. (“the Group”), which comprises the statement of consolidated financial position as at December 31, 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

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

BASIS OF QUALIFIED OPINION

Intangible assets, government grants including approximately SR 171.31 million as at 31 December 2025 and 2024. Management did not prepare the impairment test for these intangible assets to determine whether it was impaired in accordance with the requirements of *IAS 36 – Impairment of Assets*. Management considered the recoverable amount of these intangible assets by preparing a feasibility study. However, this study, prepared by the Group's management, did not take into consideration the key elements required in determining the value in use in accordance with paragraphs 30 and 31, and the key assumptions used in the study were not supported by sufficient and appropriate evidence, which is not in compliance with the requirements of the above-mentioned standard. Accordingly, we were unable to obtain sufficient appropriate audit evidence to enable us to assess the recoverability of the carrying amount of these intangible assets. As a result, we were unable to determine whether any impairment loss or the related disclosures should have been recognized as at 31 December 2025 in the consolidated financial statements.

EMPHASIS OF MATTER

We draw attention to note 22 of the accompanying consolidated financial statement, in respect to the government grant” agriculture lands”, that on the date of August 2,2022, the Group has received the Ministry of Environment Water & Agriculture decision issued on June 30,2022, which included that the deed cannot be issued in the name of the Company. however, the Group can benefit from the land until the Saudi Aramco Group realizes its actual needs, accordingly, the Group has reclassified the government grants within the intangible assets (government grants) instead of classifying within the property, plant, and equipment according to the obtaining of the agriculture land utilization right until the Saudi Aramco Group realizes its actual needs, or in case of the seizure of the land or a part of it. Until the reporting date. We did not obtain any updates related to this matter. Management could not identify the useful life for the agriculture land utilization.

Our opinion is not modified in respect of those matters.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF AL-SHARQIYAH DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

KEY AUDIT MATTER

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

The key audit matter	How the matter was addressed in our audit
1) Revenue recognition - The Group has recognized revenue of SR 235.9 million during the year ended December 31, 2025 (2024: SR 85.8 million). - The revenue earned is recognized as the following: - At a point in time when control over goods is transferred to the customer generally on delivery of goods to the customers, and - Accordingly, this requires management to establish the fact that, in accordance with IFRS 15. - The terms that define when control is transferred to the customer as well as high volume and value of transactions give rise to the risk that revenue is not recognized in the correct time and period. - Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of IFRS 15 "Revenue from contracts with customers" was considered a key audit matter. - Refer to the material accounting policies mentioned in note No. 3 for the policy related to revenue recognition and note No. 26 for more details related to revenue.	Our audit procedures to assess the recognition of revenue included the following: - The appropriateness of the Group's accounting policies related to revenue recognition and evaluating the extent of compliance of those policies with International Financial Reporting Standard No. (15) "revenue from contracts with customers" endorsed in the Kingdom of Saudi Arabia. - Evaluated the design, implementation, and testing the operational effectiveness of the Group's internal controls when recognizing revenues in accordance with the Group's policy. - Examined revenue transactions on a sample basis and verify relevant supporting documents to verify the revenue recognition. - Conducted analytical procedures on the fluctuation of revenue recognized. - Conduct a cut-off test on the timing of revenue recognition from contracts with customers and that they have been recognized in the correct accounting period. - Evaluated the adequacy of the Group's disclosures regarding revenue from contracts with customers in the financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF AL-SHARQIYAH DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

OTHER INFORMATION

Management is responsible for the other information in its annual report. Other information consists of the information included in the Company's 2025 annual report, other than the consolidated financial statement and our auditor's report thereon, we expect to obtain it after the date of our audit report.

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

In connection with our audit of the consolidated financial statement, 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 statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statement, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of the Company's internal control.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF AL-SHARQIYAH DEVELOPMENT COMPANY (A Saudi Joint Stock Company)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT (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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 report to the related disclosures in the consolidated financial statement or, we must modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report auditor. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statement 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.

Professional Consultants Company


Abdullah S. Al Msned
License No. (456)

Riyadh:
Shawwal 19, 1447H
April 7, 2026G



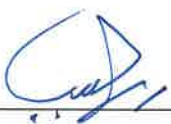
AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

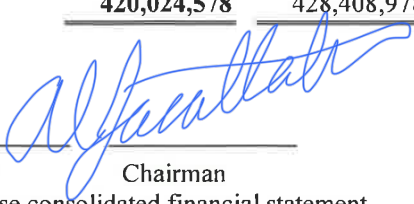
		As at	
	Note	31 December 2025	31 December 2024
Assets			
Non-Current Assets			
Property, plant and equipment, net	4	75,199,911	47,805,124
Intangible assets, government grant	5	171,307,811	171,307,811
Intangible assets	6	4,291,541	5,498,443
Investments at fair value through other comprehensive income	7	4,112,097	3,652,362
Total non-current assets		254,911,360	228,263,740
Current assets			
Trade receivables	8	44,829,738	17,404,862
Prepayments, and other receivables	9	7,471,266	5,202,192
Inventory	10	13,698,819	15,569,288
Investments at fair value through profit or loss	11	45,157,211	20,955,340
Investments in local sukuk	12	31,000,000	31,000,000
Cash and cash equivalents	13	22,956,184	110,013,556
Total Current Assets		165,113,218	200,145,238
Total Assets		420,024,578	428,408,978
Equity and liabilities			
Equity			
Share capital	14	300,000,000	300,000,000
Statutory reserve	15	3,276,667	3,276,667
Fair value reserve	16	2,686,497	2,226,762
Retained earnings		44,484,312	52,794,038
Total Equity		350,447,476	358,297,467
Liabilities			
Non-Current Liabilities			
Lease liabilities – non-current portion	20	12,766,247	253,300
Employee benefits obligations	18	1,084,654	622,542
Provision for zakat		2,839,596	7,098,991
Total Non-Current Liabilities		16,690,497	7,974,833
Current Liabilities			
Short-term loans	17	4,710,417	-
Trade and other payables	19	28,436,146	45,711,299
Lease liabilities –current portion	20	1,312,421	470,337
Due to related parties	21	5,272,383	5,272,383
Accrued dividends	22	1,358,957	1,358,957
Provision for zakat	24	11,796,281	9,323,702
Total Current Liabilities		52,886,605	62,136,678
Total Liabilities		69,577,102	70,111,511
Total Equity and Liabilities		420,024,578	428,408,978



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statement .

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Revenue	26	235,958,759	85,818,590
Cost of revenue	27	(217,599,861)	(83,153,886)
Gross Profit		18,358,898	2,664,704
General and administrative expenses	28	(12,349,205)	(10,832,587)
Selling and distribution	29	(17,695,143)	(9,294,559)
Operating Loss		(11,685,450)	(17,462,442)
Finance cost	30	(1,512,549)	(58,743)
Returns on term deposits		1,306,375	9,661,357
Gains from investments at fair value through profit and loss	11	3,301,870	624,338
Returns on investments in local sukuks	12	1,593,761	1,383,375
Gains from acquisitions of subsidiaries	1	-	6,034,508
Other income	31	1,175,428	724,699
(Loss) / Profit before zakat		(5,820,565)	907,092
Zakat	24	(2,472,572)	(5,073,353)
Loss for the year		(8,293,137)	(4,166,261)
<u>Other comprehensive income</u>			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Change in fair value of equity instruments at fair value through other comprehensive income	16	459,735	(3,364,687)
Loss on measurement of employees' benefits plan	18	(16,589)	(27,187)
Total other comprehensive income (loss) for the year		443,146	(3,391,874)
Total comprehensive loss		(7,849,991)	(7,558,135)
Loss per share attributable to the shareholders			
Basic and diluted	32	(0.276)	(0.139)


 Chief Financial Officer


 Chief Executive Officer


 Chairman

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statement.

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

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

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance as at 1 January 2024	300,000,000	3,276,667	5,591,449	56,987,486	365,855,602
Loss for the year	-	-	-	(4,166,261)	(4,166,261)
Other comprehensive loss	-	-	(3,364,687)	(27,187)	(3,391,874)
Comprehensive loss for the year	-	-	(3,364,687)	(4,193,448)	(7,558,135)
Balance at 31 December 2024	300,000,000	3,276,667	2,226,762	52,794,038	358,297,467
Balance as at 1 January 2025	300,000,000	3,276,667	2,226,762	52,794,038	358,297,467
Loss for the year	-	-	-	(8,293,137)	(8,293,137)
Other comprehensive income	-	-	459,735	(16,589)	443,146
Comprehensive loss for the year	-	-	459,735	(8,309,726)	(7,849,991)
Balance at 31 December 2025	300,000,000	3,276,667	2,686,497	44,484,312	350,447,476


 Chief Financial Officer


 Chief Executive Officer


 Chairman

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statement.

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

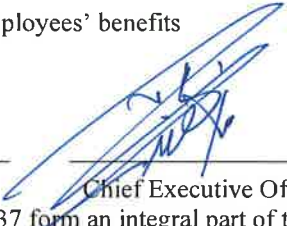
CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

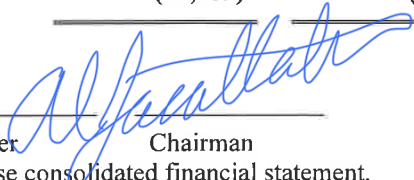
	Note	2025	2024
Cash flows from operating activities			
(Loss) / Profit before zakat		(5,820,565)	907,092
<i>Adjustments of non-cash items:</i>			
Depreciation of property, plant, and equipment	4	4,310,538	3,994,978
Loss on disposal of property, plant and equipment		36,838	-
Provision for expected credit losses	8	655,611	-
Depreciation of right-of-use assets	4.2	1,953,080	475,656
Finance cost of right-of-use assets	20	857,792	51,214
Amortization of intangible assets	6	1,206,902	536,065
Unrealized gain from investments at fair value through profit and loss	11	(3,301,871)	(624,338)
Acquisition profit		-	(6,034,508)
Employee benefit obligations- provided	18	460,320	296,535
		358,645	(397,306)
Changes in operating assets and liabilities:			
Trade receivables		(28,080,487)	(17,310,862)
prepayments and other receivables		(2,269,074)	(3,829,169)
Inventory		1,870,469	(15,569,288)
Trade and other payables		(17,275,153)	40,467,742
		(45,395,600)	3,361,117
Paid end of Employee benefit obligations	18	(14,797)	(8,072)
Paid for zakat		(4,259,388)	(4,623,389)
Net cash used in operating activities		(49,669,785)	(1,270,344)
Cash flow from investing activities			
Term deposits		-	140,000,000
Proceeds from the sale of property and equipment		499,093	-
Payments for purchase of investments at fair value through profit or loss	11	(60,000,000)	(20,331,002)
Proceed from sales of investments at fair value through profit or loss	11	39,100,000	-
Investments in local sukuk		-	(31,000,000)
Payment of purchasing property and equipment	4	(19,420,097)	(40,360,945)
Net cash (used in) / generated from investing activities		(39,821,004)	48,308,053
Cash flow from financing activities			
Payment of lease liabilities	20	(2,277,000)	(401,782)
Proceeds from Short-term Loans		4,710,417	-
Net cash generated from (used in) financing activities		2,433,417	(401,782)
Net change in cash and cash equivalents		(87,057,372)	46,635,927
Cash and cash equivalents at the beginning of the year		110,013,556	63,377,629
Cash and cash equivalents at the end of the year		22,956,184	110,013,556
Non-cash transactions			
Change in fair value of equity instruments at fair value through other comprehensive income	16	459,735	(3,364,687)
Actuarial loss from re-measurement of employees' benefits plan	18	(16,589)	(27,187)



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statement.

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

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

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION ABOUT THE GROUP AND ITS SUBSIDIARIES AND THEIR ACTIVITIES

Al-Sharqiya Development Group (the "Company") was founded according to the royal decree No. 406 dated 21 Thu Al-Qa'dah 1406H as a Saudi joint stock Group under CR ("CR") No. 2050016477 issued in Dammam on 19 Muharram 1407H (corresponding to 21 September 1986). The share capital of the Group was set at 300,000,000 Saudi Riyals, divided into 30,000,000 shares 10 Saudi Riyals each.

These consolidated financial statements include the transactions and balances of the following companies:

- Al-Sharqiya Development Company - the holding company.
- Sado Al Arab Trading Company - Subsidiary of Al-Sharqiya Development Company.
- Al Waset Al Beri Logistics Company - Subsidiary of Sado Al Arab Trading Company.
- Fields of the Earth General Contracting Company.

The principal activities of the Group and its subsidiary (together the "Group"), each of which has a separate commercial register, which operates in investment activities, development activities, and logistic services. As below, the principal activities of the group:

- a) The main activity of the Group is summarized as follows:
 - Agriculture, forestry and fishing. / Construction.
 - Wholesale and retail trade and repair of motor vehicles and motorcycles.
 - Transportation and storage.
 - Accommodation and food service activities.
 - Real estate activities. /Arts, entertainment and leisure.
 - Other service activities, which are represented in the activities of professional membership organizations.
 - Growing vegetables in greenhouses and growing uncovered variegated vegetables.
- b) The main activity of Sado Arab Trading Company - Subsidiary of Al-Sharqiya Development Company is:
 - Activities related to food security and logistic services.
- c) The main activity of Al Waseet Al Beri Logistics Group - Subsidiary of Sado Al Arab Trading Company in:
 - Goods' land transportations, refrigerated, and frozen goods transportation, and operating storage facilities for all types of goods.

In addition to the above, consolidated financial statements include the Company's records and the following branch:

Branch name	CR number	Activity
Branch of Al Sharqiyah Development Company - Riyadh	1010480322	Management and leasing of owned or leased real estate
Branch of Sado Arab Trading Company	4030586002	Food and Beverage Wholesale and Retail
Branch of Sado Arab Trading Company	2050198861	Food & Beverage Wholesale & Retail
Branch of Al Waseet Al Beri Logistics Company	2511130140	Road freight transport

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION ABOUT THE GROUP AND ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUE)

Details of the Group's subsidiaries are as follows:

Subsidiary and its legal entity	Holding Company	Ownership percentage	Country
Sado Al Arab Trading Company (Limited Liability Company)	Al-Sharqiya Development Company	%100	Kingdom of Saudi Arabia
Al Waseet Al Beri Logistics Services (Limited Liability Group - One Person)	Sado Al Arab Trading Company	%100	Kingdom of Saudi Arabia

Sado Al Arab Trading Group - Subsidiary of Al-Sharqiyah Development Company:

On 20 February 2024 the Company's management established Sado Al Arab Trading Group- Limited Liability Group(Commercial Register No. 1010985337) issued in Riyadh on 20 February 2024 (corresponding to 10 Shaaban 1445H), with a share capital by SR 100,000, and the Group owns 100% of the share capital of Sado Al Arab Trading Company.

Fields of the Earth General Contracting Company

On March 11, 2025, the Group established a new company, Earth Fields General Contracting Company, with Commercial Registration No. 1009210073. Its share capital amounts to SAR 100,000.

Al Waseet Al Beri Logistics Group - Subsidiary of Sado Al Arab Trading Company:

On 21 July 2024 (corresponding to 15 Muharram 1446H) (the "acquisition date"), Sado Arab Trading Group acquired 100% of the share capital of Al Waseet Al Beri Logistics Services Group- Limited Liability Group- One Person (Commercial Registration No. 1010858339), issued in Riyadh on 1 February 2024 (corresponding to 10 Rajab 1444H), with a share capital of SAR 100,000. The acquisition value of Al Waseet Al Beri Logistics Group amounted to SR 15,058,000. Sado Al Arab Trading Group acquired all the shares of Al Waseet Al Beri Logistics Group in order to support Sado Arab Trading Group with a fleet of equipped vehicles, and qualified human resources, as well as a valid license for Land goods transportations. The Group has accounted for the acquisition by applying the acquisition method. The condensed consolidated interim financial information includes all transactions and balances of Waseet Land Logistics that occurred after the acquisition date.

The fair value of the identifiable assets acquired and liabilities assumed at fair value at the acquisition date are as follows:

	Recognised fair value on the acquisition date
<u>Acquired assets</u>	
Property and equipment (vehicles)	15,058,000
Intangible assets (licenses) / other assets	6,034,508
Total Assets	21,092,508
Liabilities Assumed	-
Total Identifiable Net Assets	21,092,508

The effect of the excess of the net fair value of identifiable assets acquired and liabilities assumed at fair value over the total purchase consideration is as follows:

	Fair value on the acquisition
Total Identifiable Net Assets	21,092,508
Total Purchase Consideration	(15,058,000)
Net gain raised from acquisition process	6,034,508

1. GENERAL INFORMATION ABOUT THE GROUP AND ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUE)**Al Waseet Al Beri Logistics Group (a subsidiary of SADO Al Arab Trading Company) (continued):****The cash outflow on acquisition is as follows:**

	Amounts by Saudi Riyals
Net cash acquired from Al Waseet Al Beri Logistics Company	-
Accrued cash payable (Note 19)	(15,058,000)
Net cash Payable	<u>(15,058,000)</u>

The fair value of Waseet Land Logistics Company has been estimated by a valuation by a valuer accredited by the Saudi Commission for Certified Valuers (Abdul Majeed Abdul Qader Mohammed Mangal Valuation Company (license 3912000002)). The fair value was assessed in accordance with the income approach and the discounted cash flow method. As a result of the excess of the net fair value of the identifiable assets acquired and liabilities assumed at fair value at the acquisition date over the total purchase consideration receivable, the Company has recognized a gain of SAR 6,034,508 in the consolidated statement of profit or loss and other comprehensive income. Subsequent to the reporting date, the Group's management will retrospectively adjust the fair value recognized on acquisition if there is new information about the facts and circumstances that existed at the acquisition date that, if known, would have affected the measurement of the amounts recognized at that date. The retrospective adjustment period will not exceed one year from the acquisition date

As at the reporting date, the Group incurred a net loss for the year ended 31 December 2025 of SAR 8,293,137 (31 December 2024: net loss of SAR 4,166,261). The Group incurred net cash used in operating activities of SAR 46,367,914 (31 December 2024: net cash used of SAR 646,006). During the year 2024, the Company commenced the activities of the subsidiaries from 1 June 2024 for Sado Arab Trading Company and 21 July 2024 for Al Waseet Al Beri Logistics Company. During the reporting period, the holding company only commenced its principal activities through the acquisition of subsidiaries during the reporting period. The Group expects to be able to change its current reality and continue to implement its long-term strategic plans that focus on a set of future development projects, which are expected to have a significant impact in light of supporting the Kingdom of Saudi Arabia's direction towards implementing the food security plan, in addition to supporting the company's financial position and giving the company better investment opportunities. Therefore, the Group's management conducted a feasibility study for several projects in strategic areas within the agricultural and poultry sector, which are carefully selected in line with sustainable growth objectives. This was reflected during the year ended 31 December 2025 through investment in subsidiaries and the commencement of planned activity. The Company expects that these strategic plans will have positive expected results in the years following the reporting year, which will contribute to improving the Company's financial position and cash flows significantly.

The Company's management has assessed its going concern assumption and based on the Group's approved future plans, management believes that the Group will be able to commence operations and meet its obligations as they fall due within the next twelve months after taking into account the basis and outcome of the approved plan referred to above. The Board of Directors believes that the Group will be able to commence its planned business in the foreseeable future and accordingly the Group will continue for the foreseeable future in the normal and planned course of business and the going concern basis used in the preparation of these financial statements remains the same.

As at the reporting date, as a result of the decision of the Ministry of Environment, Water and Agriculture dated 30 June 2022, the Group has not obtained the title deed of the agricultural land on which its future strategic activities will be located, but the Group has been given the right to use the land (refer to Note 25). Management believes that the reclassification of the value of the land within intangible assets (government grants) (non-current) has no impact on the Group's cash flows, nor does it have an impact on the Group's strategic and operational plans and support for future activities.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis preparation of the consolidated financial statement

The consolidated financial information has been prepared under the historical cost convention unless it is allowed by the IFRS to be measured at other valuation methods, as illustrated in significant accounting policies note.

The preparation of a consolidated financial statement in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts in the consolidated financial statement. The estimates that are significant to the consolidated financial statement are disclosed.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SAR), unless otherwise stated, which is the functional and presentation currency of the Company.

2.4 Summary of significant accounting estimates and assumptions

The preparation of the consolidated financial statement in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the recognized amounts of revenues, cost, assets and liabilities, and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future period.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that cannot be determined from other sources. Estimates and assumptions are reviewed periodically, and adjustments to accounting estimates are recognized in the period in which the estimates are revised or recognized in the adjustment period, and future periods if the modification changes the current and future periods.

Judgments

Information about significant judgments made by the group applying accounting policies that have a material impact on the amounts recorded in the consolidated financial statement is included in the following notes:

- Note - Revenue recognition
- Note - 'Determining whether an arrangement involves a lease'

Assumptions and uncertain estimates

Information about uncertainties about assumptions and estimates as at December 31, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year is included in the following notes:

- Measurement of employee benefits: Major actuarial assumptions;

The cost of defined end-of-service benefits and the present value of the related liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. It also includes determining the discount rate, future salary increases, leavening before the natural retirement age, death rates, and others. Because of the valuation's difficulty and underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the balance sheet date. The criterion most subject to change is the discount rate.

2. BASIS OF PREPARATION (continued)**2.4 Summary of significant accounting estimates and assumptions (continued)****- Useful life of property, and equipment**

Management determines the useful lives and the residual value on disposal of property, plant, and equipment. Such estimates are made taking into consideration the factors of expected usage of the assets, expected physical wear and tear, program of repair and maintenance and technological obsolescence due to changes. The management reviews the useful lives, residual value and depreciation method annually, where future depreciation is adjusted when management believes that there have been changes in the useful lives, residual value and depreciation method from those estimates used in previous years.

- Measurement of fair value of financial instruments

In the case that the fair value of financial assets recorded in the statement of financial position cannot be measured on the basis of prices listed in the active market, their value is determined using valuation methods, including the present value of the expected cash flows from those assets, or using other methods as stipulated in International Accounting Standard No. 13.

- Expected Credit Losses

The Company's management applies the expected credit loss model to determine the impairment losses of trade receivables. The Company's management makes estimates when making these assumptions and determining impairment inputs based on the Company's past history and current market conditions, as well as future estimates at the end of each reporting period.

- Lease Term

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension or termination option. The valuation is reviewed if a significant event or material change in circumstances occurs that affects this valuation. During the current financial year, there has been no material financial impact from revising the lease terms to reflect the effect of exercising the extension or termination options.

2.5 New standards, interpretations and amendments to material accounting standards**New standards, amendments and interpretations**

The standards, interpretations and amendments listed below are not expected to have a significant impact on the Group's financial statements.

I. New and amended standards with no material effect on the financial statements

The Group applied for the first time certain standards and amendments which became effective for annual periods beginning on or after 1 January 2025. The adoption of these amended IFRS Accounting Standards did not have a material impact on the amounts recognized in respect of current and prior periods.

a) Amendments to IAS 21 – Lack of Exchangeability, effective date January 1, 2025

The entity is affected by the amendments when it has a transaction or operation in a foreign currency that is not exchangeable into another currency at the measurement date for a specified purpose.

b) New and amended standards issued but not yet effective

The following are the new standards and amendments thereto, which are effective for annual periods beginning on or after 1 January 2026. Early application is permitted for some of these new standards and amendments; however, the Group has not early adopted them in preparing these consolidated financial statements.

2. BASIS OF PREPARATION (continued)**2.5 New standards, interpretations and amendments to material accounting standards(continued)****b) New and amended standards issued but not yet effective (continued)**

1. Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments, effective 1 January 2026;

These amendments clarify the requirements for the timing of recognition and derecognition of certain financial assets and financial liabilities, including a new exception for certain financial liabilities settled through an electronic cash transfer system. They also clarify and provide additional guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion. In addition, the amendments introduce new disclosure requirements for certain instruments with contractual terms that may change cash flows, such as certain instruments with features linked to the achievement of environmental, social and governance (ESG) targets, and update the disclosure requirements for equity instruments designated at fair value through other comprehensive income.

2. IFRS 18, “Presentation and Disclosure in Financial Statements”, effective 1 January 2027;

This is the new standard on presentation and disclosure in the financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced by IFRS 18 relate to the following:

- the structure of the statement of profit or loss, and the disclosures required in the financial statements for certain profit or loss performance measures reported outside an entity’s financial statements (that is, management-defined performance measures); and
- revised principles for aggregation and disaggregation that apply generally to the primary financial statements and the notes.

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

2.6 Basis of consolidation

The consolidated financial statement comprises those of Al-Sharqiyah Development company and of its subsidiaries (the Group), as detailed in note 1.

Control is achieved when the Group:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, profit or loss of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)**2.6 Basis of consolidation (continued)**

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Consolidated Statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. The total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the consolidated consolidated financial statement of subsidiaries to bring its accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Financial Instruments

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

Financial assets or financial liabilities are recognized at fair value. The transaction price is the costs directly attributable to the acquisition or issue of financial assets or financial liabilities (excluding financial assets and financial liabilities that are subsequently measured at fair value through profit or loss), which are added to or reduced from the fair value of the financial assets or financial liabilities, as necessary, upon initial recognition.

Financial assets

Classification and post-measurement

In accordance with IFRS 9, upon initial recognition, financial assets are classified as recorded as: amortized cost; Fair value through other comprehensive income - debt investments, fair value through other comprehensive income - equity investments; or fair value through profit or loss. Financial assets are not reclassified subsequent to initial recognition, except in the period after the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the financial reporting period after the change in business model.

A financial asset is measured at amortized cost if the following two conditions are met and are not designated at fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- Its contractual terms give rise to cash flows on specific dates that are payments that are limited to principal and interest on the principal amount outstanding. On initial recognition of equity investments not held for trading, the Group may irrevocably decide to present subsequent changes at fair value through other comprehensive income. This decision is made on an investment-by-investment basis. The Group does not have any financial assets designated at fair value through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial Instruments (Continued)**

All financial assets not classified at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income because its measurement at FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Evaluation

The Group makes an evaluation of the objective of the business model in which the asset is held at the portfolio level because this reflects the best way of conducting the business and providing information to management. The information considered includes:

- The policies and objectives established for the portfolio and the implementation of those policies in practice. In particular, the extent to which management's strategy focuses on achieving contractual commission income, maintaining a certain commission rate, matching the time period of financial assets with the time period of financial liabilities or expected cash outflows, or realizing cash flows through the sale of assets;
- How to evaluate and report on the performance of the portfolio;
- The risks that affect the performance of the business model (and the financial assets held within the business model), and how those risks are managed.
- How the business managers are compensated, for example whether compensation is based on the fair value of the assets under management or the contractual cash flows collected; And
- The frequency, volume and timing of sales of financial assets in previous periods, the reasons for those sales and their expectations regarding future sales activity. However, these sales cannot be considered alone, but as part of the overall assessment of how the Group will reach the goals set for managing the assets, and how to achieve the cash flow.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not sales of purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or management purposes and whose performance is measured on a fair value basis, are measured at fair value through profit or loss. The evaluation of the business model is done according to scenarios that can reasonably occur without taking into account the so-called "worst case" or "stress case" scenarios.

If, after initial recognition, the cash flows are realized differently from the original Company's expectations, the Group does not change the classification of the remaining financial assets held within that business model but considers this information when evaluating the business model for financial assets to be used or purchased in the future. Financial assets that are held for trading and whose performance is measured on a fair value basis are measured at fair value through profit or loss because these financial assets are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Assessing whether the contractual cash flows of an asset are payments solely on principal and interest

For the purpose of this assessment, a 'debt asset' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding over a given period of time, and other basic lending options and costs (such as liquidity risk and administrative costs) as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset includes a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

When making the assessment, the Group takes into account:

- Contingent events that change the amount and timing of cash flows;
- Terms that modify the contractual coupon rate, including variable rate features;
- Prepaid and rollover benefits; And
- Conditions that limit the Company's claim to cash flows from specific assets (such as irrevocable asset features).

An advance payment benefit is consistent only with the Standard of Payments of Principal and Interest only if the advance payment is substantially unpaid amounts of principal and interest on the principal amount outstanding, which may include an additional consideration acceptable for early termination. Additionally, for financial assets acquired at a discount or premium to the contractual nominal price, a feature that permits or requires prepayment is treated in an amount that is the contractual value of the contract plus the contractual interest accrued (but not paid) (which may also include consideration for additional acceptable early termination) as compliant with this Standard if the fair value of the prepayment characteristic is immaterial on initial recognition.

The Group has classified its financial assets in each of the following categories:

- Loans and accounts receivable;
- Held to maturity date
- Investments available for sale; and
- At fair value, and within this category are as follows:
 - Investment at fair value through other comprehensive income.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial Instruments (continued)*****Financial Assets - Subsequent Measurement and Profit and Loss:***

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net profit or loss, including any interest or dividend income, is recognized in profit or loss.
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Financial assets at amortized cost	Financial assets are subsequently measured at amortized cost, using the effective interest rate method. The amortized cost is reduced by the impairment loss on the asset. Interest income and gains and losses from foreign currencies exchange and impairment, if any, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
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Loans and accounts receivable	It is measured at amortized cost, using the effective interest rate method.
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Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividends clearly represent a recovery of part of the cost of the investment. Other profits and losses are recognized in other comprehensive income and are not reclassified to profit or loss.
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Financial liabilities***Classification, post-measurement, and profit and loss***

Financial liabilities are classified as carried at amortized cost, or at fair value through profit or loss. Financial liabilities that are classified as held for trading are classified at fair value through profit or loss or if it is a hedging instrument or should be accounted for on this basis from the date of initial recognition. Financial liabilities are measured at fair value through profit or loss and any net gains and losses, including interest expense, are recognized in profit or loss. Other financial liabilities (including loans, withdrawals, accounts payable and other payables) are subsequently measured at amortized cost using the effective interest rate method. Interest expense and loss of foreign exchange changes are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Effective interest method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. For financial instruments other than financial assets that are purchased or of an impaired principal value, the effective interest rate is the rate that effectively discounts estimated future cash flow payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and premiums). or other discounts) excluding the expected credit losses through the expected life of financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For financial assets that are purchased or of an impaired principal value, the adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the right to receive the contractual cash flows is transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group does not transfer or retain substantially all the risks and rewards of ownership while not retaining control over the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset that is derecognized) and the consideration received (including any new assets acquired less any new liabilities incurred) is recognized in profit or loss. Any interest in transferred financial assets created or retained by the Group is recognized as a separate asset or liability.

financial obligations

The Group derecognizes financial liabilities when the Company's obligations are discharged, canceled or have expired. The Group also stops recognizing financial liabilities when their terms are modified and when the cash flows of the modified liabilities differ significantly, in which case a new financial liability is recognized based on the modified terms at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount and the consideration given, including non-monetary assets transferred or liabilities incurred, is recognized in profit or loss.

Offsetting

The amounts of financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to set off the amounts and intends either to settle it on a net basis or to realize the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis of gains or losses arising from financial instruments at fair value through profit or loss and gains and losses from changes in foreign exchange rates.

Impairment of financial assets

IFRS 9 requires the Group to record an expected credit loss allowance for all loans and other debt assets and financial assets not held at fair value through profit or loss, in addition to loan commitments and financial guarantee contracts. The provision is based on the expected credit loss associated with the probability of default within the next twelve months unless there has been a significant increase in credit risk since its inception. If the financial assets meet the definition of credit-impaired financial assets purchased or originated, then the provision is based on the change in the expected credit loss over the life of the assets. Under IFRS 9, credit losses are recognized earlier than the previous accounting standard.

The Group applies the simplified method of IFRS 9 to measure expected credit losses that use a useful life expected loss allowance for trade and other receivables. To measure expected credit losses, trade and other receivables are grouped based on common credit risk characteristics and days past due.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit loss, the Group considers relevant supporting information that is available without undue cost or effort. This includes obtaining quantitative and qualitative information, carrying out analysis based on the Company's past experience, and a good credit assessment, including forecast information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets (continued)

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

- The borrower is unlikely to pay its credit obligations to the Group in full, without resorting to measures such as the use of collateral (if any); or
- That the financial asset is past due date.

Lifetime ECL represents the expected credit losses that will result from possible hypothetical events over the expected life of the financial instrument. The maximum credit period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement for expected credit loss:

Expected credit losses are a weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is, the difference between the cash flows due to the entity as per the contract and the cash flows the Group expects to receive). Expected credit losses are discounted at the financial asset's original effective profit rate.

Low-credit financial assets

The Group assesses at each consolidated financial statement date whether financial assets carried at amortized cost and debt securities at FVOCI, if any, are credit impaired. A financial asset is considered impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is impaired includes the following observable events:

- due to significant financial difficulty of the borrower or issuer;
- breach of contract, such as default or late payment;
- Rescheduling of the financial asset by the Groupon terms that are not otherwise indispensable to the Company;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The absence of an active market for that for a financial instrument due to financial difficulties.

Display the expected credit loss allowance in the statement of financial position

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

Write-off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is an adequate assessment of its uncollectible. For example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may continue to be subject to enforcement activities under the Company's recovery procedures, subject to legal advice where appropriate. Any recoveries are recognized in profit or loss.

Property, plant, and equipment

Property and equipment are stated at cost, after deducting accumulated depreciation and impairment loss, if any, as well as the estimated residual value on disposal, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Finance costs on loans that are directly used to finance the construction of the assets are capitalized over the period of time required to complete the assets and prepare them for their intended use.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant, and equipment (continued)**

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property and equipment. All other expenses are recognized in profit or loss as incurred. Capital gains and losses on disposal of property and equipment arising from the difference between the proceeds from the disposal value and the net book value of the disposed asset are recognized in profit or loss.

The management determines the useful lives of property, equipment and intangible assets for the purposes of calculating depreciation and amortization. This estimate is determined after considering the expected usage of the assets and replacement and renewal factors. Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property and equipment.

Depreciation is charged to profit or loss and calculated on a straight-line basis over the estimated useful lives of each individual item of property and equipment less the estimated residual value on disposal as shown above. The estimated useful lives of major items of property and equipment for the current and comparative periods are as follows:

<u>Item</u>	<u>Annual depreciation rate</u>
Buildings and constructions	2%
Leasehold Improvements	10% or the lease term, whichever is shorter
Machinery and equipment	10-25%
Motor vehicles	12.5-20%
Furniture and fixtures	20%

Impairment of Non-Financial Assets

Non-financial assets are tangible assets such as property and equipment.

The values of the Company's non-financial assets (other than inventories, assets held for sale and assets arising from construction contracts, if any) are studied at the date of the consolidated financial statement to determine whether there has been an event or change in circumstances that indicates an increase in the carrying amount of the asset over its recoverable amount. When such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is its value in use less costs to sell or its fair value, whichever is higher. The impairment of an asset is the difference between the carrying amount of the asset or the related cash-generating unit and the recoverable amount discounted using the effective rate of return.

The effective rate of return is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the asset or liability to the total carrying amount of the financial asset or to the amortized cost of the financial liability.

A cash-generating unit is the smallest identifiable group of assets that generate cash flows that are largely independent of cash flows from other assets or groups of assets.

Impairment losses for the cash-generating unit are recognized by first reducing the impairment assets or reducing them proportionately from the cash-generating unit's assets.

At the end of each reporting period, impairment losses on other non-financial assets previously charged from prior periods are measured if there are indications that the impairment reversal. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of Non-Financial Assets (continued)**

Impairment is achieved when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount/value, which is its fair value/value less costs to sell and its value in use, whichever is higher. The fair value less costs to sell account is calculated based on available data from binding sales transactions, on an arm's length basis, for similar assets or observable market prices less incremental costs to sell the asset. The value in use is calculated based on the discounted cash flow model. The cash flows are derived from the budget for the subsequent five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that would enhance the asset's performance of the cash-generating unit being tested for impairment. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The significant judgments made by management in applying the Company's accounting policies and the main sources of estimation uncertainty were the same as those disclosed in the last consolidated financial statement , except for new significant judgments and key sources of estimation of uncertainties associated with the application of IFRS 13.

Trade receivable and other debit balances

Trade and other receivables are stated at the invoice amount minus the provisions made for amounts deemed uncollectible by management. Bad debts are written off when identified and approved by the Board of Directors.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash in current accounts with banks, and other short-term, highly liquid investments with original maturities of three months or less (if any) and available to the Group without any restrictions. The statement of cash flows has been prepared using the indirect method.

Accounts payable

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed or not by suppliers.

Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is determined on the basis of the weighted average price method and includes expenses incurred in acquiring the inventory as well as all other costs incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the the circumstances ordinary course of business, less the estimated costs of completion and selling expenses.

Loans

Loans are recognized at the amount received net of transaction costs incurred. Interest is amortized over the life of the loan using a straight-line method which is not materially different from the application of the prevailing interest rate. Borrowing costs that are directly attributable to the construction of an asset until it reaches the stage at which substantially all the activities necessary to get it ready for its intended use are capitalized as part of the asset's cost. Otherwise, such costs are charged to the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Restricted government grants**

Government grants, including non-monetary grants at fair value, recognized when there is reasonable assurance that it will be obtained and all required terms will be committed to obtain this grant, The restricted government grants will be evaluated on the basis of fair value of the submitted assets, which will be recorded through the retained income according to the accounting income basis, and it will be recorded after the committing of the below terms:

- a) The entity will comply with the conditions attaching to them;
- b) The grants will be received.

Provisions

A provision is recognized if the Group has a current legal or constructive obligation, as a result of a past event, so that it can be estimated reliably, and it is likely that this will result in the use of the Company's economic resources to settle the obligation.

The amounts recognized as provisions are the best estimate of the consideration required to settle the current obligations at the end of the financial year, taking into account the risks and uncertainties surrounding those obligations. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is included as an asset if it is certain that the amount due will be received and the debt can be measured reliably,

Zakat provision

The estimated zakat is the estimated obligation on the Company, and a provision for it is recorded in the consolidated financial statement by charging it to profit or loss in accordance with the zakat standard issued by the Saudi Organization for Auditors and Accountants, where it is calculated for the year according to the accrual basis.

Zakat is calculated at the end of the year according to the actual ownership of Saudis and according to the adjusted net profit or zakat base, whichever is higher, in accordance with the regulations of the Zakat, Tax and Income Authority in the Kingdom of Saudi Arabia. Any differences in the estimate are recorded when the final assessment is approved.

Value added tax (VAT)

Assets and expenses are recognized net of amount of VAT, except:

- when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable and the net amount of VAT recoverable from, or payable to;
- GAZT is included as part of other receivables or other payables.

Employees' benefits

End of service benefits are due to all employees working in accordance with the terms and conditions of the work system and workers at the end of their service contracts. The cost of specific end-of-service benefits and the present value of the related obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. It also includes determining the discount rate, future salary increases, withdrawal before the natural retirement age, death rates, and others. Because of the valuation's difficulty and underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. The reclassification which includes the actuarial profits or losses been recorded with the financial position, meanwhile, the profits or losses been recorded with the other comprehensive income for the year incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement of fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of the fair value of both financial and non-financial 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 of the principal amount, or if it is not located in the most advantageous market to which the Group has access at that date. The fair value of the obligation reflects the risk of non-performance.

When an active market is available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered "active" if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

When specific prices are not available in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and reduce the use of unobservable inputs. The valuation technique chosen includes all the factors that market participants will take into account when pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, the Group measures the assets and long positions at the bid price and liabilities and short positions at the ask price.

The best evidence for the fair value of a financial instrument on initial recognition is usually the transaction price - ie the fair value of the consideration paid or received. If the Group determines that the fair value at initial recognition is different from the transaction price and there is evidence that the fair value is not at a quoted price in an active market for the asset or liability is similar and is not also in accordance with the valuation technique,

then any unobservable input is considered unrelated to the measurement, then the financial instrument is initially measured at fair value, after adjusting for deferment of the difference between fair value at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis depending on the life of the instrument, but not later than when the valuation is fully supported by observable market data or when the transaction is closed.

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

Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities;

Level 2: Inputs other than quoted prices that are included in Level 1 that are observable for 1 asset or liability, directly (such as prices) or indirectly (derived from prices);

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

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the entire fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial reporting period during which the change has occurred.

When the fair value of the assets and liabilities in the statement of financial position cannot be measured based on a Quoted prices in active market, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets, but when this is not possible, a degree of judgment is required in determining fair values. Judgments include input considerations such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the disclosed fair value of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

RELATED PARTY TRANSACTIONS

Related party

A related party is a person or entity that is related to the entity that is preparing its consolidated financial statement .

A- A person or a close member of that person's family is related to a reporting entity if that person:

- 1) has control or joint control of the reporting entity;
- 2) has significant influence over the reporting entity; or or
- 3) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

B- An entity is related to a reporting Group if any of the following conditions applies:

- 1) The entity and the reporting Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- 2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- 3) Both entities are joint ventures of the same third party.
- 4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- 5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- 6) The entity is controlled or jointly controlled by a person identified in (a).
- 7) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- 8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

At the inception of the lease, the Group determines whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Evaluate whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

On initiation or upon modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the proportionate, independent prices of the lease component. However, for property leases, the Group has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component

The Group recognizes a right-of-use asset and a lease liability on the commencement date of the lease. The right-to-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made on or before the lease commencement date, plus any direct costs incurred and an estimate of the costs of dismantling and removing the underlying assets or restoring the contract asset or the site on which it is located, less No rental incentives received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases (continued)**

The right-of-use asset is subsequently depreciated using the straight-line method from the start date of the lease to the end of the lease term, unless the lease transfers ownership of the contract asset to the group at the end of the lease contract or the cost of the right-of-use asset indicates that the Group will use the purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the contract asset, which is determined on the same basis as those assets and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for remeasurement of certain lease liabilities. The rental obligation is measured

Initially at the present value of the unpaid lease payments at the beginning of the lease, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the implicit interest rate cannot be readily determined

Generally, the group uses the incremental borrowing rate as the discount rate. The Group determines the incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the lease and the type of leased asset. The lease payments included in the measurement of the lease liability include the following:

- fixed payments, including fixed payments in substance;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or rate as at the start date of the lease;
- Amounts expected to be paid under the residual value guarantee; And
- Use of the price under the purchase option that the Group is certain to use, lease payments in an optional renewal period if the Group is reasonably certain to use the extension option, and penalties for early termination of the lease unless the Group is certain it will not terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or price, if there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee, if the Group changes its assessment of whether to use a purchase, extension or termination option or if There was an adjusted fixed rent payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

Leases and short-term leases of low-value assets

The Group has elected not to recognize right-of-use assets, lease liabilities, leases of low-value assets and short-term leases. The Group recognizes lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Contingent liabilities

Contingent liabilities are not recognized in the statement of financial position. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are recorded in the statement of financial position under accounts payable or other payable. A contingent asset is not recognized in the statement of financial position, but is disclosed when an outflow of economic benefits is probable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and discount. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, can be measured reliably.

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS15:

Step 1. Identify contract(s) with a customer:

Step 2. Identify performance obligations in the contract:

Step 3. Determine the transaction price:

Step 4. Allocate the transaction price to the performance obligations in the contract.

Step 5. Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if of the following criteria is met:

a) The Group performance does not create an asset with an alternative use to the Group

and the Group has an enforceable right to payment for performance completed to date.

b) The Group performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c) The customer simultaneously receives and consumes the benefits provided by the Group performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Other revenue

Other income is recognized when due in the statement of profit or loss.

Expenses

Selling and marketing expenses include any expenses resulting from the Company's efforts in marketing, selling and distribution activities. All other expenses, other than direct costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling and marketing expenses, and general and administrative expenses, if required, are made on a regular basis.

Dividend

Dividends are recorded in the consolidated financial statement in the period approved by the Board of Directors. Final dividends are recorded in the consolidated financial statement in the year in which they are approved by the shareholders.

Foreign currencies translation

Foreign currency transactions are translated into Saudi Riyals at the rate of exchange prevailing at the time of the transaction. As for monetary assets and liabilities that are denominated in foreign currencies, they are converted to their equivalent in Saudi riyals at the exchange rates prevailing on that date. Foreign exchange differences are recognized in profit or loss for the current period.

AL-SHARQIYAH DEVELOPMENT COMPANY

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(All amounts expressed in Saudi Riyals unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT, NET

	31 December 2025 SR	31 December 2024 SR
Operating fixed assets (note 4.1)	58,050,332	43,806,466
Projects Under Construction*	3,416,737	3,086,975
Right of use assets (note 4.2)	13,732,842	911,683
	<u>75,199,911</u>	<u>47,805,124</u>

*Projects under construction consist of refrigerators that are under construction and will be completed within a year.

4.1 Operating fixed assets for the year ended December 31,2025

	Land	Buildings and constructions	Leasehold Improvements	Machinery and equipment	Motor vehicles	Furniture and fixtures	Total
<u>Cost:</u>							
At 1 January 2025	-	41,341,532	12,097,784	2,603,146	18,688,880	5,907,989	80,639,331
Additions from acquired assets	11,287,500	-	-	2,087	7,799,522	1,226	19,090,335
Additions	-	-	-	-	(635,000)	-	(635,000)
At 31 December 2025	<u>11,287,500</u>	<u>41,341,532</u>	<u>12,097,784</u>	<u>2,605,233</u>	<u>25,853,402</u>	<u>5,909,215</u>	<u>99,094,666</u>
<u>Accumulated depreciation:</u>							
At 1 January 2025	-	31,278,416	100,690	1,951,833	3,323,635	178,291	36,832,865
Accumulated amortization	-	519,057	711,764	65,829	2,424,321	589,567	4,310,538
Acquired assets	-	-	-	-	(99,069)	-	(99,069)
Disposals	-	-	-	-	-	-	-
At 31 December 2025	<u>-</u>	<u>31,797,473</u>	<u>812,454</u>	<u>2,017,662</u>	<u>5,648,887</u>	<u>767,858</u>	<u>41,044,334</u>
<u>Net book value:</u>							
At 31 December 2025	<u>11,287,500</u>	<u>9,544,059</u>	<u>11,285,330</u>	<u>587,571</u>	<u>20,204,515</u>	<u>5,141,357</u>	<u>58,050,332</u>

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(All amounts expressed in Saudi Riyals unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT, NET (continued)*For the year ended December 31, 2024*

	Buildings and constructions	Leasehold Improvements	Machinery and equipment	Motor vehicles	Furniture and fixtures	Total
<u>Cost:</u>						
At 1 January 2024	41,164,106	-	1,946,417	120,578	134,260	43,365,361
Additions from acquired* Assets	-	-	-	17,209,143	-	17,209,143
Additions	177,426	12,097,784	656,729	1,359,159	5,773,729	20,064,827
At 31 December 2024	41,341,532	12,097,784	2,603,146	18,688,880	5,907,989	80,639,331
<u>Accumulated depreciation:</u>						
At 1 January 2024	30,656,298	-	1,946,416	120,578	114,595	32,837,887
Accumulated amortization Acquired assets*	-	-	-	2,151,143	-	2,151,143
Disposal	622,118	100,690	5,417	1,051,914	63,696	1,843,835
At 31 December 2024	31,278,416	100,690	1,951,833	3,513,635	178,291	36,832,865
<u>Net book value:</u>						
At 31 December 2024	10,063,116	11,997,094	651,313	15,365,245	5,729,698	43,806,466

With reference to note 1, as a result of the acquisition of a subsidiary, vehicles and means of transport were acquired at a net cost of SR 15,058,000, consisting of a cost of SAR 17,209,143 and accumulated depreciation of SR 2,151,143.

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(All amounts expressed in Saudi Riyals unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT, NET (continued)**4.2 Right of use assets for the year ended December 31,**

	2025	2024
	Buildings	Buildings
At 1 January	1,426,977	1,426,977
Addition	14,774,239	-
At 31 December	16,201,216	1,426,977
Accumulated depreciation		
At 1 January	515,294	39,638
Depreciation for the year	1,953,080	475,656
At 31 December	2,468,374	515,294
<u>Net Book Value</u>		
At 31 December	13,732,842	911,683

5. INTANGIBLE ASSET, GOVERNMENT GRANTS

	2025	2024
Government grant	171,307,811	171,307,811
At 31 December 2025	171,307,811	171,307,811

The government grants represent the lands that have been granted to the Group by the government (note25).

6. INTANGIBLE ASSET,

(With reference to Note 1), as a result of the acquisition of Al Wasit Al Berri by Sado Al Arab Trading Group(a subsidiary), an intangible asset consisting of the value of the activity license and other intangible assets amounting to SAR 6,034,508 is being amortized over five years.

	2025	2024
Cost of intangible assets	6,034,508	6,034,508
	6,034,508	6,034,508
Accumulated Amortization:		
As of January 1, 2025	536,065	-
Amortization charge during the year	1,206,902	536,065
Accumulated Amortization December 3, 2025	1,742,967	536,065
<u>Net Book Value</u>		
Balance at December 31, 2025	4,291,541	5,498,443

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(All amounts expressed in Saudi Riyals unless otherwise stated)

7. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**A) *The following is a summary of investments in equity instruments as at December 31:***

Group name	Principal activity	location	Ownership		Balance as at	
			2025	2024	2025	2024
National Seed Production Company	Production and trade of seeds and plant tissues and their development	Saudi Arabia	%2.80	%2.80	1,228,571	1,102,838
United Dairy Farms Company	Production and processing of fresh milk and its products	Saudi Arabia	%8.28	%8.28	2,883,526	2,549,524
					<u>4,112,097</u>	<u>3,652,362</u>

National Seed Production Company

	2025	2024
Balance at the beginning of the year	1,102,838	873,135
Fair value gain for the year	125,733	229,703
Balance at the end of the year	<u>1,228,571</u>	<u>1,102,838</u>

United Dairy Farms Company

	2025	2024
Balance at the beginning of the year	2,549,524	6,143,914
Fair value gain / (loss) for the year	334,002	(3,594,390)
Balance at the end of the year	<u>2,883,526</u>	<u>2,549,524</u>

The management determined the fair value of the investments in National Seed Production Group and United Dairy Farms, Inc. United Dairy Farms (unlisted companies). based on discounted expected cash flows using a weighted average cost of capital of weighted average cost of capital of 12.4% and 11.5%, respectively. (31 December 2024: 12.9% and 11.8%, respectively).

The Group has exposure related to credit, market risks and the fair value measurements, for more details refer to note 32.

During the year ended 31 December 2025, the Group received a dividend of SR 315,120 (2024: SR 341,280) from its investment in the United Dairy Farms Company and National Seed Production Group. It was recognised with other revenue at the profit or loss and other comprehensive income.

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(All amounts expressed in Saudi Riyals unless otherwise stated)

8. TRADE RECEIVABLES

	<u>2025</u>	<u>2024</u>
Trade receivables	45,485,349	17,408,862
Less: provision Expected Credit Losses (note 8.2)	<u>(655,611)</u>	<u>(4,000)</u>
Net trade receivable	<u>44,829,738</u>	<u>17,404,862</u>

8.1 Ageing of Trade Receivables:

	<u>Not due</u>	<u>30-60 Days</u>	<u>61-120 Days</u>	<u>121-180 Days</u>	<u>More than 181 Days</u>	<u>Total</u>
<u>At 31 December 2025</u>						
Gross Trade receivable	8,905,137	13,629,344	9,369,342	6,934,224	6,647,302	45,485,349
Expected Credit Losses	<u>(18,799)</u>	<u>(56,735)</u>	<u>(101,437)</u>	<u>(142,350)</u>	<u>(336,290)</u>	<u>(655,611)</u>
Net Trade Receivables	<u>8,886,338</u>	<u>13,572,609</u>	<u>9,267,905</u>	<u>6,791,874</u>	<u>6,311,012</u>	<u>44,829,738</u>
<u>At 31 December 2024:</u>						
Gross Trade receivable	7,851,719	5,231,785	705,689	912,711	2,706,958	17,408,862
Expected Credit Losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
Net Trade Receivables	<u>7,851,719</u>	<u>5,231,785</u>	<u>705,689</u>	<u>912,711</u>	<u>2,702,958</u>	<u>17,404,862</u>

8.2 Movement in provision for impairment of trade receivables is as follows:

	<u>2025</u>	<u>2024</u>
Balance on January 1	4,000	4,000
Charged during the year	655,611	-
reversed during the year	<u>(4,000)</u>	<u>-</u>
Balance at December 31	<u>655,611</u>	<u>4,000</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Value added tax	2,291,160	3,427,116
Advance contract payments	2,203,401	-
Accrued revenue	998,095	205,003
Staff receivables	203,629	203,629
Prepaid expenses	1,623,237	1,340,949
Others	<u>151,744</u>	<u>25,495</u>
Balance at 31 December	<u>7,471,266</u>	<u>5,202,192</u>

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(All amounts expressed in Saudi Riyals unless otherwise stated)

10. INVENTORY

	<u>2025</u>	<u>2024</u>
Merchandise Inventory	13,698,819	15,569,288
Balance at 31 December	13,698,819	15,569,288

The Group's management assessed the obsolete and damaged inventory and concluded that no provisions were required for the year ended December 31, 2025.

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**Quoted:**

	<u>2025</u>	<u>2024</u>
Mutual Funds - Riyadh Liquidity Fund	44,120,370	20,182,406
Investment Portfolios – Rasan Company	1,036,841	772,934
Balance at 31 December	45,157,211	20,955,340

An analysis of the movement of these investments at fair value through profit and loss is as follows:

Investment Funds - Riyadh Liquidity Fund

	<u>2025</u>	<u>2024</u>
Balance on January 1	20,182,406	-
Additions during the year	60,000,000	20,000,000
Disposals during the year	(39,100,000)	-
Fair Value Gain unrealized	3,037,964	182,406
Balance at 31 December	44,120,370	20,182,406

Investment Portfolios - Rasan Company

	<u>2025</u>	<u>2024</u>
Balance on January 1	772,934	-
Additions during the year	-	331,002
Fair value gain unrealized	263,907	441,932
Balance at 31 December	1,036,841	772,934

12. INVESTMENTS IN LOCAL SUKUK

Investments in local Sukuk worth SAR 31 million consists of Sukuk with Al Rajhi Bank with a an average rate of 5.10%, to 5.5%.

The interest is deposited in the current account on a monthly basis as of 15/02/2024 for 12 months and a return of SR 1,593,761 which has been recorded at the consolidated statements of profits or losses and other comprehensive income.

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

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. CASH AND CASH EQUIVALENT

	2025	2024
Cash at bank	2,956,184	3,271,195
Short-term Deposits	20,000,000	106,742,361
Balance at December 31	22,956,184	110,013,556

Cash is deposited with banks and short-term deposits with highly reliable counterparties. Short-term deposits are placed with local banks with an original maturity of less than three months from the date of deposit and earn commission income at an average rate of 4.7% to 5.50%.

14. SHARE CAPITAL

The share capital of the Group was set at 300,000,000 Saudi Riyals, divided into 30,000,000 shares of equal value. The value of each share is 10 Saudi Riyals fully paid.

15. STATUTORY RESERVE

The Group's management had previously established the statutory reserve, which was classified in the consolidated statement of financial position, based on the Group's previous articles of association. Under the current articles of association and the requirements of the Saudi Companies Law, allocating the statutory reserve is no longer a regulatory requirement.

16. FAIR VALUE RESERVE

	2025	2024
Balance on January 1	2,226,762	5,591,449
Fair Value Gain	459,735	-
Fair Value Loss	-	(3,364,687)
	2,686,497	2,226,762

Refer to Note 7, the total change in the fair value of investments measured at fair value through other comprehensive income amounted to a fair value loss of SAR 459,735 (December 31, 2024: a loss of SAR 3,364,687).

17. Short-term Loans

One of the subsidiaries obtained short-term loans from local banks to finance working capital. These loans carry commercial interest rates and are repaid in installments over the agreement's term. This agreement is available for withdrawal and use until January 31, 2026, at an interest rate of 4% plus the SAIBOR rate. These loans are secured by collateral against the holding company's deposits. The user's balance as of December 31 was SR 4,710,417.

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

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18. EMPLOYEE BENEFITS OBLIGATIONS

The scheme provides for employee's terminal benefits for all employees who complete qualifying period of service and are entitled to amounts are mentioned under labor law for each completed year/period of such service.

Annual provision is based on actuarial valuation. The valuation was carried out as of December 31, 2025 by an independent actuary, using the projected unit credit method.

The movement in employees' end-of-service benefit obligations during the year is as follows:

	2025	2024
Balance at 1 January	622,542	306,892
Charged during the year to profit or loss		
Current service cost	460,320	296,535
Paid during the year	(14,797)	(8,072)
Charged to the statement of other comprehensive income		
Re-measurement of employee benefits	16,589	27,187
Balance at 31 December	1,084,654	622,542

Principal actuarial assumptions

The following are the basic actuarial assumptions at the date of the consolidated financial statement:

Financial Assumptions	2025	2024
Rate of increase in salary of the employees (short term and long term)	4.25%	7.25%
Discount rate	5.25%	5.25%
Mortality	WHO SA 19-75%	WHO SA 19-75%
Retirement age	60 years	60 years

All movements in the end of service benefits liability are recognized in statement of profit or loss except for the actuarial loss which is recognized in other comprehensive income.

The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:

	2025	2024
Discount rate: Increase by 0.5%	1,172,841	488,268
Discount rate: Decrease by 0.5%	1,252,482	517,105
Long term salary: Increase by 0.5%	1,242,778	513,309
Long term salary: Decrease by 0.5%	1,181,618	491,745
Withdrawal Rate +10%	1,185,802	489,702
Withdrawal Rate -10%	1,239,317	516,157
Mortality Rate +10%	1,210,676	502,013
Mortality Rate -10%	1,212,216	502,570

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19. TRADE AND OTHER PAYABLES

	2025	2024
Trade payables	23,902,752	42,097,136
Allowances and remunerations for members of the Board of Directors and other committees	1,320,750	1,339,500
Provision for vacation and tickets	1,274,139	719,620
Accrued professional fees	60,000	60,000
Advance from lessee	361,849	54,694
Accrued employee related costs	52,303	28,351
Accrued GOSI expenses	80,638	83,866
Other	1,383,715	1,328,132
Balance at 31 December 2025	28,436,146	45,711,299

20. LEASE LIABILITY

	2025	2024
Opening balance	723,637	1,074,205
Addition during the year	14,774,239	-
Interest accrued during the year	857,792	51,214
Lease liability settled during the year	(2,277,000)	(401,782)
Closing balance	14,078,668	723,637
Less: current portion	1,312,421	470,337
Non-current portion	12,766,247	253,300

Lease obligations were measured at the present value of outstanding lease payments at the lease commencement date, per annum. This represents the group's estimated additional borrowing rate, as the implied %5using a discount rate of interest rate in the lease could not be readily determined. This rate reflects management's estimate of the financing rate the company would incur to borrow funds over a similar period, with similar collateral, to acquire an asset of .comparable value to the right-of-use asset in a comparable economic environment

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

(All amounts expressed in Saudi Riyals unless otherwise stated)

21. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are represented in the non-executive board members senior management, where senior management officers are considered, persons exercising authority and responsibility in directly or indirectly planning, managing and monitoring the Company's activities, including managers.

21.1 Compensation of Key Management Personnel:

Key management personnel comprise all members of the senior management team who have the authority and responsibility to plan, direct and control activities either directly or indirectly.

	<u>2025</u>	<u>2024</u>
Allowances and remunerations for members of the Board of Directors and other committees	2,198,333	2,235,628
CEO salaries and benefits	1,458,000	1,458,000

21.2 Due to related parties as at 31 December 2024 as follows:

	<u>2025</u>	<u>2024</u>
Due to priority rights holders	5,272,383	5,272,383
	5,272,383	5,272,383

22. DIVIDENDS PAYABLE

The amounts of dividends payable to shareholders with a balance of SR 1,358,957 as at 31 December 2025 (31 December 2024: SR 1,359,072) represents dividends payable to shareholders who did not approach banks to receive these dividends pertaining to previous years.

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23. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's unaudited sales, net (loss)/profit, assets and liabilities, by business segment, are as

	Sado Al Arab Trading Company (A subsidiary of Al Sharqiyah Development Company)			Fields of the Earth General Contracti ng	Inter-Group Eliminations	Total
	Al-Sharqiya (Holding Company)	Sadu Al Arab	Al Waseet Al Barri Logistics Company (A subsidiary of Sadu Al Arab Trading Company)	Company		
For the year ended December 31, 2025						
Revenue	-	233,526,243	4,719,416	-	(2,286,900)	235,958,759
Cost Revenue	-	(216,764,398)	(3,122,363)	-	2,286,900	(217,599,861)
Net loss	(3,623,582)	(3,804,258)	(865,297)	-	-	(8,293,137)
Total assets	383,487,521	115,124,364	24,231,215	100,000	(102,918,522)	420,024,578
Total liabilities	26,972,379	119,386,363	10,878,045	100,000	(87,759,685)	69,577,102
For the year ended ended December 31, 2024						
Revenue	-	85,140,888	2,229,784	-	(1,552,082)	85,818,590
Cost Revenue	-	(82,829,575)	(1,876,393)	-	1,552,082	(83,153,886)
Net loss	(2,792,321)	(534,409)	(839,531)	-	-	(4,166,261)
Total assets	388,171,700	79,048,578	16,475,703	-	(55,287,003)	428,408,978
Total liabilities	28,500,293	79,482,987	2,257,234	-	(40,129,003)	70,111,511

All of the Group's revenue is generated within the Kingdom of Saudi Arabia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals unless otherwise stated)

24. ZAKAT

Status of Zakat assessments

The final assessment was made on the Group by the Zakat, Tax and Customs Authority for the periods from 07/31/1991 to 07/31/1994 with a total value of 3,726,232 Saudi riyals for that period. A provision was made for the full value and the Group submitted an objection to this assessment.

Zakat returns were submitted for the years 1995 to 2014, with the total value amounting to 5,212,423 Saudi riyals, and a provision was made for the value in the company's books.

On January 9, 2017, the Zakat, Tax and Customs Authority claimed zakat expenses amounting to 10,318,170 Saudi riyals for the period from 1995 to 2014, so that the total zakat claims by the Authority until 2014 amounted to 19,292,825 Saudi riyals.

The zakat differences described above were objected to as the Group submitted the zakat returns for these years and no comments were made on the submitted returns. Some items were objected to and other items were rejected.

The company applied for an installment plan for the outstanding balance and received approval on 10/02/1446 AH (14/08/2024). The plan involves a 20% down payment, equivalent to SAR 3,194,546, with the remaining balance to be paid in 36 equal monthly installments of SAR 354,949 each, starting from 12/03/1446 AH (15/09/2024).

As of the date of the financial statements, the down payment and sixteen installments totaling SAR 5,679,184 have been paid.

The company submitted its Zakat returns to the Zakat, Tax and Customs Authority for previous years up to and including 2024. The company has not received any additional Zakat assessments as of the date of these financial statements.

The company submitted its Value Added Tax (VAT) returns for 2025 and has not received any VAT assessments as of the date of these financial statements.

The provision for zakat was calculated based on the following:

	2025	2024
Equity according to the Zakat, Tax and Customs Authority	350,305,948	65,855,602
Provisions beginning balance and other adjustments	4,998,669	22,353,800
Book value of long-term assets	(237,503,296)	(181,835,287)
Investments	(4,291,541)	(3,652,362)
Right-of-Use Assets	(13,296,815)	-
Adjusted loss for the year	(4,706,903)	3,738,702
Zakat base	95,506,062	206,826,452
Total zakat liability for the year	2,472,572	5,073,353

Zakat is due at the rate of 2.5% of the adjusted net profit attributable to shareholders and 2.5% of the zakat base after deducting the adjusted net profit.

The movement in the provision for zakat for the year ended December 31 is as follows:

	2025	2024
Balance at the beginning of the year	16,422,693	15,972,729
Charge during the year	2,472,572	5,073,353
payment during the year	(4,259,388)	(4,623,389)
Balance at the end of the year	14,635,877	16,422,693
Less: Current Portion	11,796,281	9,323,702
Non-current Portion	2,839,596	7,098,991

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

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25. CONTINGENCIES AND COMMITMENTS

Subsequently on August 2, 2022 (with reference to Note 14), the Group has received a decision issued by the Ministry of Environment, Water and Agriculture (the "Ministry") No. 361029/27/1443 issued on Dhu al-Hijjah 1, 1443 H (corresponding to June 30, 2022), in respect to the land's value (Government grant), which was previously classified on December 31, 2022 along with property, plants and equipment as agricultural land (Government Grant) pursuant to Royal Decree No. 1016 dated Jumada Al Thani 3, 1406 AH (corresponding to February 12, 1986), where the Ministry's decision included the following:

- 1) The land that was allocated in favor of the company, pursuant to Royal Decree No. 1016 dated Jumada Al-Thani 3, 1406 AH (corresponding to February 12, 1986), and the issuance of the ownership decision No. 321450/1062/1441 dated Jumada Al-Awwal 6, 1441 AH (corresponding to January 1, 2020) to own the Group an area of 72,178,700 square meters of land handed over to the Group has become among the reservations of Saudi Aramco under Royal Decree No. 40008 dated Jumada Al-Thani 28, 1443 AH, and it is not legally possible to issue a deed in the name of the Group to conflict with the terms of the concession agreement concluded between the government and Saudi Aramco.
- 2) The Group can benefit from the land until the actual need of Saudi Aramco in it is fulfilled, and then take what is required by law in this regard.
- 3) In the event that the land or part of it is released by Saudi Aramco in accordance with the necessary regulatory procedures in this regard, the government agencies - each within its jurisdiction - take what is necessary to issue a deed in the name of the Group- if it was legally existing at that time on the area of the land or part of it.

In accordance with the above, the company's board of directors is closely following all the recent developments mentioned above regarding the procedures for owning the relevant land, and the delay in issuing the company's title deed for the concerned land, as the company's management believes that according to the above-mentioned items, the Group can use of the concerned land and the establishment of its future projects, and it has no monetary impact on the company, (with reference to Note 1) , The entity did not obtain any information for the expected useful life for the intangible asset (government grant). The company's management believes that the above-mentioned Ministry's decision will not affect the company's future plans.

26. REVENUE

	2025	2024
Net sales	235,615,326	85,025,806
Rental income	343,433	792,784
Total	235,958,759	85,818,590

27. COST OF REVENUE

	2025	2024
Cost of goods sold	214,477,498	81,277,493
Operating cost	3,122,363	1,876,393
Total	217,599,861	83,153,886

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28. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Employee salaries and benefits	4,261,381	4,663,471
Allowances and remunerations for members of the Board of Directors and other committees	2,198,333	2,890,421
Amortization of right-of-use assets	1,953,080	475,656
Amortization of intangible assets	1,206,902	536,065
Depreciation of property, plant, and equipment	1,107,676	685,814
Allowance for Expected Credit Losses	655,611	-
Fees and subscriptions	396,148	625,977
Professional fees and advice	394,082	690,584
Maintenance and fuel	45,653	38,207
Other	130,339	226,392
Total	12,349,205	10,832,587

29. SELLING AND DISTRIBUTION

	2025	2024
Employee Salaries and Benefits	7,252,089	4,078,955
Depreciation of property, machinery, and equipment	3,202,862	1,158,021
Rents	2,136,538	2,326,110
Fees and subscriptions	1,310,552	672,129
Maintenance and fuel	933,404	253,592
Sales commissions	702,417	251,195
Transport, freight and clearance	899,873	214,197
Professional & Consultancy Fees	28,000	160,050
Mail and phone	158,279	57,981
Other	1,071,129	122,329
Total	17,695,143	9,294,559

30. FINANCE COST

	2025	2024
Interest on lease contracts	857,792	51,214
Interest on short-term loans	298,645	-
Expenses on letters of guarantee	277,970	-
Other	78,142	7,529
Total	1,512,549	58,743

31. OTHER INCOME

	2025	2024
Income from rental of cowsheds	769,443	-
Dividends	315,120	341,280
Revenues from Cattle Barn	-	133,261
Revenues from leasing communication towers	110,000	110,000
Other	(19,135)	140,158
	1,175,428	724,699

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

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32. BASIC AND DILUTED EARNINGS

Basic (loss) earnings per share is calculated by dividing the net (loss) profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted (loss) earnings per share is calculated by dividing the net (loss) profit for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares	<u>30,000,000</u>	<u>30,000,000</u>

The basic and diluted loss per share are as follows:

	<u>2025</u>	<u>2024</u>
Net loss for the year	<u>(8,293,137)</u>	<u>(4,166,261)</u>
Weighted average number of ordinary shares	<u>30,000,000</u>	<u>30,000,000</u>
Basic and diluted earnings per share (restated)	<u>(0.276)</u>	<u>(0.139)</u>

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

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33. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, fair value risk, cash flow interest rate 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 limit potential negative effects on the Company's financial performance.

Fair Value Measurement of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability between willing parties in an orderly transaction at the measurement date. Certain subsidiaries of the Group have invested in a real estate company; however, there are no factors or conditions affecting the volume of its operations or indicating that the transaction was not conducted at arm's length.

Financial instruments are considered quoted in an active market if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on a purely commercial basis.

When measuring fair value, the Group uses observable market data as much as possible. Fair values are categorized into different 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.

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

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

The table below presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<u>Carrying Amount</u>	<u>Fair Value 1</u>	<u>Fair Value 2</u>	<u>Fair Value 3</u>
December 31, 2025				
Financial assets	SR	SR	SR	SR
Investment at FVTOCI	4,112,934	-	44,120,30	1,036,841
Investment at FVTPL	45,157,211	-	-	4,112,934
Financial Liabilities				
Short term loan	4,710,417			4,710,417
December 31, 2024				
Financial assets				
Investment at FVTOCI	20,955,340	-	20,182,406	772,934
Investment at FVTPL	3,652,362	-	-	3,652,362
Financial Liabilities				
Short term loan	-	-	-	-

Market risk

It is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices. Market risk consists of three types of risk which are interest rate risk, currency risk and other price risk.

Fair value and interest rate cash flow risks

The fair value and cash flow interest rate risks are the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arises from loans that are at floating interest rates and are subject to regular re-pricing. Management monitors changes in interest rates.

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

(All amounts expressed in Saudi Riyals unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (continued)**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The principal transactions of the Group are in Saudi Riyals and US Dollars. The Company's management monitors these fluctuations and manages their impact on the consolidated financial statement accordingly.

Interest rate risks

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in the market. The Group is subject to interest rate obligations, including term loans.

The following table shows the sensitivity to a reasonably possible change in interest rates on variable rate loans with all

Credit risk

Credit risk is the risk that one party will not be able to meet its obligations and will result in the other party incurring a financial loss. The Group does not have significant concentrations of credit risk. To reduce exposure to credit risk, the Group has established formal credit procedures under which credit limits are applied to its customers. The management also monitors exposure to credit risk towards customers, and establishes a provision against those balances whose recovery is doubtful. To mitigate risk, the Group has a system in place to set credit limits for its customers based on a comprehensive assessment based on information about the customer and past payment records. The customer's outstanding receivables are monitored on a regular basis. Some customers are also secured, where possible, by internal letters of credit, cash security deposits, bank guarantees and insurance guarantees.

Liquidity risks

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 a financial asset quickly at an amount close to its fair value. These conditions indicate that the Group may face problems in meeting its obligations as they become due and to continue as a going concern, and these are dependent upon the Company's ability to arrange adequate funds in a timely manner. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are made available to meet any future commitments.

Following table represents the maturity profiles of the financial assets and financial liabilities.

As at 31 December 2025

	0-12 months	1-3 years	More than 5 years	Total
Financial liabilities				
Trade and other payables	28,436,146	-	-	28,436,146
Short term loan	4,710,417			4,710,417
Due to related parties	5,272,383	-	-	5,272,383
Lease liabilities	1,312,421	5,929,731	6,836,516	14,078,668
Total - financial liabilities	39,731,367	5,929,731	6,836,516	52,497,614

As at 31 December 2024

	0-12 months	1-3 years	More than 5 years	Total
Financial liabilities				
Trade and other payables	45,711,299	-	-	45,711,299
Due to related parties	5,272,383	-	-	5,272,383
Lease liabilities	470,337	253,300		723,637
Total - financial liabilities	51,454,019	253,300	-	51,707,319

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

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34. SHARE CAPITAL MANAGEMENT

For the purpose of managing the Group's capital, capital includes share capital and all other equity reserves belonging to the company's shareholders. The primary objective of managing the Group's capital is to maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and financial obligations. To maintain or modify the capital structure, the Group may adjust dividend distributions to shareholders, change their share capital, or modify their debt levels.

The Group monitors its capital using the leverage ratio, which is "net debt" divided by total share capital plus net debt. Net debt includes interest-bearing loans, trade receivables, and other receivables less cash and short-term deposits, excluding discontinued operations.

	2025	2024
Short term loans	4,710,417	-
Lease liabilities	14,078,668	723,637
Trade and other payables	28,436,146	5,711,2994
Less: cash and short-term deposits	(22,956,184)	(110,013,556)
Net dept	24,269,047	-
Equity		
Total Capital	300,000,000	300,000,000
Capital and net debt	324,269,047	300,000,000
Gearing ratio	7.48%	-

Capital monitoring processes and ensuring compliance with capital management policies are overseen by the Board of Directors.

35. COMPARATIVE FIGURES

The previous year's figures have been reclassified and/or reclassified, as necessary, for the purpose of better presentation to match the presentation of comparative figures in the consolidated financial statement with the current presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

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36. SUBSEQUENT EVENTS

Subsequent to the reporting date, the region has experienced heightened geopolitical tensions and military escalations affecting parts of the Gulf region. These developments occurred after December 31, 2025, and therefore represent non-adjusting events. Accordingly, no adjustments have been made to the accompanying financial statements for the year ended December 31, 2025.

Management has assessed the implications of these developments on the Group's operations, supply chains, financial position, and liquidity. As at the date of authorization of these financial statements, the military escalation has resulted in operational and economic disruptions affecting certain parts of the Group's activities, particularly in Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates.

The developments have impacted the Group's operating environment and may result in, among other matters:

- disruptions to operations, logistics, and supply chains;
- reduced revenues in certain business segments;
- deterioration in the credit profile of certain customers, which may result in higher expected credit loss allowances in accordance with IFRS 9 – Financial Instruments;
- potential impairment indicators for certain non-financial assets in accordance with IAS 36 – Impairment of Assets; and
- additional pressure on liquidity and compliance with financial covenants under certain financing arrangements.

Management is actively implementing contingency measures to mitigate the impact of these developments and to maintain operational continuity. These measures include alternative supply arrangements, liquidity monitoring, and operational adjustments.

Due to the ongoing and evolving nature of the situation, the full financial impact cannot yet be reliably estimated. Management continues to monitor developments closely and will assess the financial implications in future reporting periods.

Management has also evaluated the potential implications on the Group's liquidity and financial position and has concluded that, as at the date of authorization of these financial statements, the developments do not affect the Group's ability to continue as a going concern.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENT

These consolidated financial statements were approved by the board of directors on April 7, 2026 (corresponding to Shawaal 19, 1447H).