

Taqarir Sample Trading Co.

Financial Statements

For the year ended 31 December 2025

(Expressed in SAR)

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INDEPENDENT AUDITOR'S REPORT

To the Partners

Opinion

We have audited the financial statements of Taqarir Sample Trading Co. "the Company", which comprise:
the statement of financial position as at 31 December 2025,
the income statement for the year,
the statement of cash flows for the year,
the statement of changes in equity for the year then ended,
the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the applicable requirements of the Regulations for Companies and the Articles of Association with respect to the preparation and presentation of financial statements requirements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with international standards adopted in Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Regulations for Companies and the Company's By-laws, we report that we obtained all the information and explanations we considered necessary for the purpose of our audit, and that the financial statements comply, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's By-laws in respect of the preparation and presentation of the financial statements.

Taqarir Sample Trading Co.

Statement of Financial Position

As at 31 December 2025

(Expressed in SAR)

	Note	31 December 2025	31 December 2024
ASSETS			
Current assets			
Cash and cash equivalents	5	1,985,988	1,393,000
Trade receivables	6	3,035,000	2,640,000
Inventory	8	2,450,000	2,100,000
Prepayments and other current assets	7	187,000	165,000
Total current assets		7,657,988	6,298,000
Non-current assets			
Property, plant and equipment	4	5,600,000	6,117,000
Intangible assets	9	108,000	144,000
Right-of-use assets	10	540,000	720,000
Total non-current assets		6,248,000	6,981,000
Total assets		13,905,988	13,279,000
LIABILITIES			
Current liabilities			
Trade payables	12	1,640,000	1,420,000
Short-term borrowings		400,000	400,000
Lease liabilities — current portion		190,000	180,000
Zakat and income tax payable	15	125,068	98,012
Accrued expenses and other payables	13	451,000	408,000
Total current liabilities		2,806,068	2,506,012
Non-current liabilities			
Long-term borrowings	14	1,200,000	1,600,000
Lease liabilities	16	380,000	570,000
End-of-service benefits provision	17	690,000	610,000
Total non-current liabilities		2,270,000	2,780,000
Total liabilities		5,076,068	5,286,012

EQUITY		
Share capital	5,000,000	5,000,000
Statutory reserve	480,000	480,000
Retained earnings	3,349,920	2,512,988
Total equity	8,829,920	7,992,988
Total liabilities and equity	13,905,988	13,279,000

The accompanying notes from 1 to 28 form an integral part of these financial statements.

Taqarir Sample Trading Co.

Statement of Comprehensive Income

For the year ended 31 December 2025

(Expressed in SAR)

	Note	31 December 2025	31 December 2024
Revenue	19	16,050,000	15,000,000
Cost of revenue	20	(12,050,000)	(11,280,000)
Gross profit		4,000,000	3,720,000
OPERATING EXPENSES			
Selling and marketing expenses	22	(765,000)	(700,000)
General and administrative expenses	21	(2,157,000)	(2,051,000)
Operating profit		1,078,000	969,000
Other income	23	65,000	30,000
Finance costs	24	(156,000)	(185,000)
Impairment losses on financial assets		(25,000)	(20,000)
Profit before zakat and income tax		962,000	794,000
Zakat and income tax		(125,068)	(98,012)
Net profit for the period		836,932	695,988

The accompanying notes from 1 to 28 form an integral part of these financial statements.

Taqarir Sample Trading Co.

Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in SAR)

	31 December 2025	31 December 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	836,932	695,988
Add: Depreciation and amortisation	733,000	733,000
Add: End-of-service benefit charge	125,000	118,000
Add: Finance costs	156,000	185,000
Add: Zakat and income tax	125,068	98,012
CHANGES IN WORKING CAPITAL		
(Increase) / decrease in trade receivables	(420,000)	(260,000)
(Increase) / decrease in inventories	(350,000)	(200,000)
(Increase) / decrease in prepayments	(22,000)	(15,000)
Increase / (decrease) in trade payables	220,000	120,000
Increase / (decrease) in accrued expenses	43,000	28,000
End-of-service benefits paid	(45,000)	(48,000)
Zakat and income tax paid	(98,012)	(95,000)
Provision for doubtful debts / impairment	25,000	20,000
Net cash from operating activities	1,328,988	1,380,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	—	(180,000)
Net cash used in investing activities	—	(180,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in borrowings	(400,000)	(400,000)
Repayment of lease liabilities	(180,000)	(150,000)
Finance costs paid	(156,000)	(185,000)
Net cash from financing activities	(736,000)	(735,000)
Net change in cash and cash equivalents	592,988	465,000
Cash and cash equivalents at start of period	1,393,000	928,000
Cash and cash equivalents at end of period	1,985,988	1,393,000

The accompanying notes from 1 to 28 form an integral part of these financial statements.

Taqarir Sample Trading Co.

Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in SAR)

For the year ended 31 December 2024

	Share capital	Legal / statutory reserve	Retained earnings	Total equity
Balance at start of period	5,000,000	480,000	1,817,000	7,297,000
Profit for the period	—	—	695,988	695,988
Balance at end of period	5,000,000	480,000	2,512,988	7,992,988

For the year ended 31 December 2025

	Share capital	Legal / statutory reserve	Retained earnings	Total equity
Balance at start of period	5,000,000	480,000	2,512,988	7,992,988
Profit for the period	—	—	836,932	836,932
Balance at end of period	5,000,000	480,000	3,349,920	8,829,920

The accompanying notes from 1 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

(Expressed in SAR)

1. Corporate information

The Company was incorporated in the Kingdom of Saudi Arabia and is engaged in the activities described in its commercial registration. Its registered office and principal place of business are located in the Kingdom. The financial statements cover the period stated on the cover page.

1.1 Identification

Legal name	Taqarir Sample Trading Co.
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1.3 Reporting period

Current period	1 January 2025 → 31 December 2025
Comparative period	1 January 2024 → 31 December 2024
Presentation currency	Saudi Riyal
Rounding	Actual amounts

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost convention, except for the following items measured on an alternative basis: financial instruments at fair value through profit or loss; financial assets at fair value through other comprehensive income; the net defined-benefit liability for end-of-service benefits, measured at the present value of the obligation using the Projected Unit Credit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyal, which is also the functional currency of the Company. All amounts have been rounded to the nearest Riyal unless stated otherwise.

2.4 Going concern

These financial statements have been prepared on a going-concern basis. Management has assessed the ability of the Company to continue as a going concern and is not aware of any material uncertainties that may cast significant doubt on this assumption.

2.5 Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Areas of significant judgement and estimation uncertainty are disclosed in the relevant notes (useful lives of property, plant and equipment; allowance for expected credit losses; defined-benefit obligation assumptions; deferred tax recoverability; provisions and contingencies).

2. Basis of preparation (continued)

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated. They are aligned with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and the pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The policies disclosed in this note cover the following areas: property, plant and equipment (IAS 16); intangible assets (IAS 38); right-of-use assets and lease liabilities (IFRS 16); financial instruments and expected credit losses (IFRS 9); inventories (IAS 2); revenue from contracts with customers (IFRS 15); employee benefits and end-of-service benefits (IAS 19); provisions, contingent liabilities and contingent assets (IAS 37); zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA); foreign-currency transactions (IAS 21); and related-party transactions (IAS 24).

3.1 Basis of preparation (IAS 1)

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and the other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). They have been prepared under the historical-cost convention, except for certain financial instruments measured at fair value. The financial statements are presented in Saudi Riyals (SAR), which is the Company's functional and presentation currency.

3.2 Use of estimates and judgments (IAS 1 / IAS 8)

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis; revisions are recognised in the period in which the estimate is revised and in any future periods affected. Significant areas of estimation include useful lives of property, plant and equipment, expected credit losses on receivables, defined benefit obligations and valuation of provisions.

3.3 Foreign currency translation (IAS 21)

Transactions in foreign currencies are initially recorded by the Company at the spot rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at the reporting date. Foreign exchange differences arising on settlement and retranslation are recognised in profit or loss.

3.4 Revenue from contracts with customers (IFRS 15)

Revenue is recognised when control of goods or services is transferred to the customer at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services, applying the five-step model under IFRS 15. Revenue is measured at the transaction price, net of variable consideration, discounts, rebates, value added tax and other amounts collected on behalf of third parties.

3.5 Property, plant and equipment (IAS 16)

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Land is not depreciated. The estimated useful lives are: buildings 20–40 years; machinery and equipment 5–15 years; vehicles 4–6 years; furniture and fixtures 5–10 years; computers 3–5 years. Residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted prospectively if appropriate.

3. Significant accounting policies (continued)

3.6 Intangible assets (IAS 38)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less accumulated amortisation and impairment losses. Intangibles with finite lives are amortised over their useful economic lives using the straight-line method (typically 3–10 years). Indefinite-lived intangibles, if any, are tested for impairment annually.

3.7 Right-of-use assets and lease liabilities (IFRS 16)

At the commencement date of a lease, the Company recognises a right-of-use asset and a corresponding lease liability. The lease liability is initially measured at the present value of unpaid lease payments, discounted using the interest rate implicit in the lease or, if not readily determinable, the Company's incremental borrowing rate. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Short-term leases (≤ 12 months) and leases of low-value assets are expensed as incurred.

3.8 Financial assets — classification and measurement (IFRS 9)

Financial assets are classified at initial recognition based on the Company's business model for managing the assets and their contractual cash-flow characteristics into one of three categories: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVPL). The classification determines subsequent measurement.

3.9 Impairment of financial assets — expected credit losses (IFRS 9)

The Company applies the IFRS 9 simplified approach for trade receivables, recognising lifetime expected credit losses based on historical loss rates adjusted for forward-looking macroeconomic factors. For other financial assets carried at amortised cost, the Company assesses at each reporting date whether credit risk has increased significantly since initial recognition and recognises 12-month ECL or lifetime ECL accordingly.

3.10 Cash and cash equivalents (IAS 7)

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.11 Inventories (IAS 2)

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes all costs of purchase, conversion and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Trade and other payables (IFRS 9)

Trade and other payables are recognised when the Company has a present obligation arising from a past event, settlement of which is expected to result in an outflow of resources. They are measured at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

3. Significant accounting policies (continued)

3.13 Borrowings (IFRS 9)

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, otherwise they are recognised in profit or loss.

3.14 Provisions (IAS 37)

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

3.15 Employee end-of-service benefits (IAS 19)

The Company operates a defined benefit end-of-service plan for its employees in accordance with Saudi Labour Law. The obligation under the plan is measured using the projected unit credit (PUC) method by an independent actuary. Remeasurements (actuarial gains and losses) are recognised in other comprehensive income (OCI) in the period in which they arise. Current service cost and net interest on the net defined benefit liability are recognised in profit or loss.

3.16 Share capital (IAS 32)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.17 Zakat and income tax (IAS 12 / ZATCA)

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) of the Kingdom of Saudi Arabia. Zakat is charged to profit or loss. Non-Saudi shareholders' share of profit is subject to income tax in accordance with KSA Income Tax Law. Deferred income tax, where applicable, is recognised using the balance-sheet method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.18 Impairment of non-financial assets (IAS 36)

At each reporting date, the Company assesses whether there is any indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

3.19 Events after the reporting date (IAS 10)

Events after the reporting date that provide additional information about conditions existing at the reporting date (adjusting events) are reflected in the financial statements. Events that are indicative of conditions arising after the reporting date (non-adjusting events) are disclosed when material.

4. Property, plant and equipment

Current period – 2025

Item	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Total
Cost						
Opening balance	1,500,000	3,200,000	1,850,000	620,000	240,000	7,410,000
Closing balance	1,500,000	3,200,000	1,850,000	620,000	240,000	7,410,000
Accumulated depreciation						
Opening balance	—	480,000	555,000	186,000	72,000	1,293,000
Charge for the period	—	160,000	185,000	124,000	48,000	517,000
Closing balance	—	640,000	740,000	310,000	120,000	1,810,000
Net carrying amount	1,500,000	2,560,000	1,110,000	310,000	120,000	5,600,000

Comparative period – 2024

Item	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Total
Cost						
Opening balance	1,500,000	3,200,000	1,850,000	620,000	240,000	7,410,000
Closing balance	1,500,000	3,200,000	1,850,000	620,000	240,000	7,410,000
Accumulated depreciation						
Opening balance	—	320,000	370,000	62,000	24,000	776,000
Charge for the period	—	160,000	185,000	124,000	48,000	517,000
Closing balance	—	480,000	555,000	186,000	72,000	1,293,000
Net carrying amount	1,500,000	2,720,000	1,295,000	434,000	168,000	6,117,000

5. Cash and cash equivalents

	2025	2024
Cash in hand	15,000	12,000
Cash at banks	1,970,988	1,381,000
Total	1,985,988	1,393,000

6. Trade and other receivables

	2025	2024
Trade Receivables	3,180,000	2,760,000
Allowance for expected credit losses	(145,000)	(120,000)
Total	3,035,000	2,640,000

7. Prepayments

	2025	2024
Staff advances	42,000	30,000
Prepaid rent	60,000	55,000
Other prepaid expenses	85,000	80,000
Total	187,000	165,000

8. Inventories

	2025	2024
Merchandise	2,450,000	2,100,000
Total	2,450,000	2,100,000

9. Intangible assets

Movement	2025	2024
COST		
Opening balance	180,000	0
Additions	0	180,000
Closing balance	180,000	180,000
ACCUMULATED DEPRECIATION		
Opening balance	36,000	0
Charge for the period	36,000	36,000
Closing balance	72,000	36,000
Net carrying amount	108,000	144,000

10. Right-of-use assets

Movement	2025	2024
COST		
Opening balance	900,000	0
Additions	0	900,000
Closing balance	900,000	900,000
ACCUMULATED DEPRECIATION		
Opening balance	180,000	0
Charge for the period	180,000	180,000
Closing balance	360,000	180,000
Net carrying amount	540,000	720,000

11. Allowance for expected credit losses

	2025	2024
Allowance for expected credit losses	(145,000)	(120,000)
Total	(145,000)	(120,000)

12. Trade and other payables

	2025	2024
Trade payables	1,640,000	1,420,000
Total	1,640,000	1,420,000

13. Accrued expenses and provisions

	2025	2024
Accrued salaries	145,000	130,000
Other accrued expenses	210,000	190,000
VAT payables	96,000	88,000
Total	451,000	408,000

14. Borrowings

	2025	2024
Long Term bank loans	1,200,000	1,600,000
Total	1,200,000	1,600,000

15. Zakat and income tax

	2025	2024
Zakat payable	125,068	98,012
Total	125,068	98,012

15. Zakat and income tax (continued)

Zakat base computation

	2025	2024
Total profit adjustments (additions)	11,099,920	10,772,988
Deductions from the base	(6,248,000)	(6,981,000)
Initial zakat base (equity method)	4,851,920	3,791,988
Net adjusted profit (minimum base — Art. 27)	962,000	794,000
Final zakat base	4,851,920	3,791,988

Zakat for the period

	2025	2024
Effective zakat rate (2.58%)		
Zakat due for the period	125,068	98,012

Movement of zakat & tax liabilities

	2025	2024
Opening balance	98,012	95,000
Charge for the period	125,068	98,012
Paid during the period	(98,012)	(95,000)
Closing balance	125,068	98,012

16. Lease liabilities

	2025	2024
Obligation of long term lease	380,000	570,000
Total	380,000	570,000

16.1 Lease liabilities schedule

Asset class	Current	Non-current
Buildings	190,000	380,000
Description: Head office and warehouse — Term (months): 60 — Discount rate: 6.50%		
Total	190,000	380,000

16.2 Maturity of undiscounted lease payments

Item	Amount
Within 12 months	218,000
1-5 years	436,000
After 5 years	—
Undiscounted total	654,000
Less: finance charges	(84,000)
Present value	570,000

16. Lease liabilities (continued)

16.3 Movement of lease liabilities

Item	2025	2024
Opening balance	750,000	—
Additions	—	900,000
Interest expense	38,000	45,000
Payments	(218,000)	(195,000)
Modifications	—	—
Closing balance	570,000	750,000

16.4 Amounts in profit or loss

Item	2025	2024
Interest on lease liabilities	38,000	45,000
Short-term lease expense	—	—
Variable lease payments	—	—
Depreciation of RoU assets	180,000	180,000

17. End-of-service benefits

Movement	2025	2024
Opening balance	610,000	540,000
Current service cost	100,000	96,000
Interest cost	25,000	22,000
Benefits paid	(45,000)	(48,000)
Closing balance	690,000	610,000

Actuarial assumptions

Assumption	2025	2024
Discount rate	5.25%	5.00%
Salary growth rate	4.00%	4.00%
Employee turnover rate	10.00%	10.00%

Valuation method: Projected unit credit method

Sensitivity analysis

The table below shows the impact on the closing obligation of a reasonable change in each key actuarial assumption.

Assumption	Impact at +0.5%	Impact at -0.5%
Discount rate	(21,500)	22,900
Salary growth rate	23,100	(21,800)

17. End-of-service benefits (continued)

Assumption	Impact at +0.5%	Impact at -0.5%
Withdrawal / turnover rate	(6,200)	6,500

18. Equity

	2025	2024
Capital	5,000,000	5,000,000
Retained earnings (accumulated losses)	3,349,920	2,512,988
Statutory reserve	480,000	480,000
Total	8,829,920	7,992,988

19. Revenue

	2025	2024
Credit sales	14,200,000	13,400,000
Cash sales	1,850,000	1,600,000
Total	16,050,000	15,000,000

20. Cost of revenue

	2025	2024
Salaries and wages	780,000	720,000
Materials and purchases	10,940,000	10,230,000
Depreciation expense	330,000	330,000
Total	12,050,000	11,280,000

21. General and administrative expenses

	2025	2024
Salaries and wages	1,150,000	1,080,000
Professional and legal fees	95,000	90,000
Depreciation expense	367,000	367,000
IT & technology	72,000	64,000
Rent expenses	60,000	60,000
utilities expenses	84,000	78,000
GOSI expenses	168,000	158,000
Amortization expenses	36,000	36,000
End-of-service benefits expense	125,000	118,000
Total	2,157,000	2,051,000

22. Selling and distribution expenses

	2025	2024
Salaries and wages	620,000	580,000
Advertising and Promotion	145,000	120,000
Total	765,000	700,000

23. Other income

	2025	2024
Other operating income	65,000	30,000
Total	65,000	30,000

24. Finance costs

	2025	2024
Finance expense	118,000	140,000
Interest on lease liabilities	38,000	45,000
Total	156,000	185,000

25. Financial risk management and financial instruments

The Company is exposed to credit risk, liquidity risk and market risk (which includes currency risk and interest rate risk) arising from its financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Credit risk is the risk that a counterparty will fail to meet its obligations. The Company manages credit risk by dealing only with reputable counterparties, monitoring receivable ageing, and recognising an allowance for expected credit losses where indicators are present.

Liquidity risk is managed by maintaining sufficient cash and committed facilities to meet obligations as they fall due. The Company monitors rolling forecasts of liquidity requirements to ensure adequate funding.

Market risk arises from movements in foreign exchange rates and interest rates. The Company's transactions are predominantly in Saudi Riyals, and borrowings (if any) bear interest at rates that are reviewed periodically by management.

25.1 Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. The Company's credit risk arises primarily from cash and bank balances and trade receivables. Cash balances are placed with banks of sound credit standing. Trade receivables are monitored on an ongoing basis with limited concentration with any single customer.

Item	2025	2024
Cash and cash equivalents	1,985,988	1,393,000
Trade receivables	3,035,000	2,640,000
Maximum exposure	5,020,988	4,033,000

25. Financial risk management and financial instruments (continued)

25.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management manages liquidity risk by monitoring rolling cash-flow forecasts and maintaining sufficient committed credit facilities to meet expected operational needs.

Liability	< 1 year	1–5 years	> 5 years	Total
Trade and other payables	1,640,000	—	—	1,640,000
Borrowings	400,000	960,000	240,000	1,600,000
Lease liabilities	190,000	304,000	76,000	570,000

25.3 Market risk

25.3.a Foreign-exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Saudi Riyal. Exposure to other currencies is limited; the Riyal is pegged to the US Dollar at a fixed rate, so balances denominated in US Dollars are not considered to give rise to material currency risk.

25.3.b Interest-rate risk

Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest-rate risk arises mainly from borrowings at variable rates. Management monitors the interest-rate profile and considers hedging instruments where appropriate.

25.4 Capital management

The Company's capital-management objectives are to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Capital is monitored using the gearing ratio (net debt to equity) and the current ratio.

Ratio	2025	2024
Debt-to-equity ratio	24.58%	34.41%
Current ratio	2.73	2.51

26. Related party transactions

Related parties include the shareholders, key management personnel, and other companies under common control or significant influence. Transactions with related parties are carried out at terms approved by management and disclosed in the table below where applicable. No allowance has been recognised against related-party balances unless explicitly noted.

26.1 Related parties

Name	Relationship	Notes
Al-Mithal Supplies Co.	Sister company	
Board members and senior management	Key management	

26. Related party transactions (continued)

26.2 Transactions during the period

Party	Type	2025	2024
Al-Mithal Supplies Co.	Purchases	1,200,000	950,000

26.3 Key management compensation

Item	2025	2024
Short-term benefits	420,000	390,000
Post-employment benefits	35,000	32,000
Total	455,000	422,000

27. Contingencies and commitments

Management is not aware of any material contingent liabilities or commitments at the reporting date other than those disclosed in these financial statements.

28. Subsequent events

Management has assessed events occurring between the reporting date and the date these financial statements were authorised for issue. No material adjusting or non-adjusting subsequent events have been identified that require disclosure.