



**DIGITAL RESEARCH COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIGITAL RESEARCH COMPANY

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(1/5)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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### OPINION

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

We have audited the financial statements of the Company, which comprise the following:

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

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### BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants as endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements 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.

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### KEY AUDIT MATTER

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

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIGITAL RESEARCH COMPANY  
 A SAUDI JOINT STOCK COMPANY  
 RIYADH, KINGDOM OF SAUDI ARABIA

(2/5)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

### KEY AUDIT MATTER (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<b>Revenue Recognition</b>	
<p>The Company's revenues for the year ended December 31, 2025 amounted to ₪ 47.29 million (2024: ₪ 63.05 million).</p> <p>Management recognizes revenue over time from market research and consultation services as well as data analytics services upon satisfaction of performance obligations in accordance with the terms of the customer agreements. This process requires an appropriate evaluation of the relevant contracts to determine whether the criteria for revenue recognition are met in accordance with the principles set forth in International Financial Reporting Standard (IFRS) 15, "Revenue from Contracts with Customers."</p> <p>Revenue recognition is considered as a key audit matter due to the existence of risks associated with the amount of revenues related to the controls and judgments that mainly depend on management's significant assumptions when the amount of revenue is recognised.</p> <p>Refer to material accounting policies in note 4.17 for revenue recognition policy and note 26 for further information.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the revenue recognition process including the recording of the different revenue streams;</li> <li>• We obtained an understanding of the process of key controls surrounding the revenue recognition process and tested the design and implementation of relevant key controls around the same including the recognition of revenue under different revenue streams;</li> <li>• We reviewed on sample basis, the contracts for the data services and research services to identify the performance obligations of the Company under these contracts and assess whether these performance obligations are satisfied over a period of time or at point in time;</li> <li>• For a sample of transaction, we performed test of details to verify that the revenue recorded from market research and consultation services and data analytics services is recognized only upon satisfaction of performance obligations as per the terms of the contracts exists and is accurate through verification of supporting documentation, including customer contracts, invoices, and project progress reports;</li> <li>• Recalculated the revenue on sample basis using the output method and compared it with the computation made by the management.</li> <li>• Performed cut-off testing for a sample of revenue transactions, to assess whether revenue has been recognized in the correct accounting year.</li> <li>• Assessed the appropriateness of relevant disclosures made in the financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIGITAL RESEARCH COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA

(3/5)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

### OTHER MATTER

The financial statements of the Company for the year ended December 31, 2024 were audited by another auditor, who expressed an unmodified opinion dated March 13, 2025.

### OTHER INFORMATION

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the annual report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIGITAL RESEARCH COMPANY

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(4/5)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIGITAL RESEARCH COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA

(5/5)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

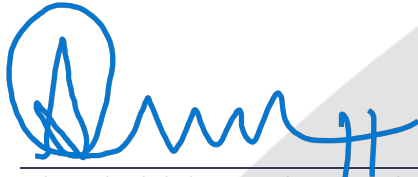
### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

PKF Al-Bassam  
Chartered Accountants



**Ahmed Abdul Majeed Mohandis**  
Certified Public Accountant  
License No. 477  
Riyadh, Kingdom of Saudi Arabia  
Shawwal 10, 1447H  
Corresponding to: March 29, 2026





**DIGITAL RESEARCH COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

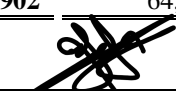


(All amounts are in Saudi Riyal (ﷲ) unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	2,322,174	3,074,164
Intangible assets	7	486,636	182,806
Right-of-use assets	8.1	6,294,903	6,943,175
Capital work in progress	9	2,989,698	143,500
<b>Total non-current assets</b>		<b>12,093,411</b>	10,343,645
<b>Current assets</b>			
Contract assets	10.1	6,293,911	7,941,298
Prepaid expenses and other assets	11	5,895,854	6,719,598
Financial assets at fair value through profit or loss (FVTPL)	12	891,907	-
Accounts receivable	13	8,448,369	12,860,274
Cash and cash equivalents	14	21,938,450	26,932,374
<b>Total current assets</b>		<b>43,468,491</b>	54,453,544
<b>Total assets</b>		<b>55,561,902</b>	64,797,189
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	16,875,000	16,875,000
Additional contribution from Pre-IPO shareholders	17	1,363,530	1,363,530
Statutory reserve	18	368,421	368,421
Treasury shares	19	(1,363,530)	(1,363,530)
Share premium	20	12,497,965	12,497,965
Retained earnings		1,831,289	7,599,915
<b>Total equity</b>		<b>31,572,675</b>	37,341,301
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' defined benefit liabilities	21	6,803,418	4,959,214
Lease liabilities - non-current portion	8.2	4,986,496	6,664,639
<b>Total non-current liabilities</b>		<b>11,789,914</b>	11,623,853
<b>Current liabilities</b>			
Term loans	22	1,336,691	1,597,707
Lease liabilities - current portion	8.2	1,842,099	1,099,560
Accounts payable, accrued expenses and other liabilities	23	7,010,419	11,278,674
Contract liabilities	10.2	1,177,016	864,200
Zakat accrual	24	833,088	991,894
<b>Total current liabilities</b>		<b>12,199,313</b>	15,832,035
<b>Total liabilities</b>		<b>23,989,227</b>	27,455,888
<b>Total equity and liabilities</b>		<b>55,561,902</b>	64,797,189

  
Finance Director  
(Muhammad Arslan Qamar)

  
Chief Executive Officer  
(Waleed Khalid Alsuliman)

  
Chairman of Board of Directors  
(Fahad Abdullah Suliman Alsaawi)

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

	Note	December 31, 2025	December 31, 2024
Revenue	26	47,290,173	63,054,027
Cost of revenue	27	<u>(37,560,672)</u>	<u>(41,981,899)</u>
<b>Gross profit</b>		<b>9,729,501</b>	21,072,128
Selling and marketing expenses	28	(697,872)	(1,190,618)
General and administrative expenses	29	(12,219,583)	(11,947,058)
Allowance for expected credit losses (ECL) (charged) / reversed	13	(876,372)	8,019
Fair value loss on financial assets at fair value through profit or loss (FVTPL)	12	(129,802)	-
Gain on disposal of financial assets at FVTPL	12	<u>23,890</u>	<u>-</u>
<b>Operating (loss) / profit</b>		<b>(4,170,238)</b>	7,942,471
Finance cost	30	(1,239,548)	(1,495,816)
Other income	31	<u>982,080</u>	<u>473,632</u>
<b>(Loss) / profit for the year before zakat</b>		<b>(4,427,706)</b>	6,920,287
Zakat	24	<u>(833,088)</u>	<u>(990,816)</u>
<b>Net (loss) / profit for the year</b>		<b>(5,260,794)</b>	5,929,471
<b>Other comprehensive income</b>			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Loss on re-measurement of defined employees' benefit liabilities	21	<u>(507,832)</u>	<u>(285,199)</u>
<b>Total other comprehensive loss for the year</b>		<b>(507,832)</b>	(285,199)
<b>Total comprehensive (loss) / income for the year</b>		<b>(5,768,626)</b>	5,644,272
<b><u>(Loss) / earnings per share</u></b>			
(Loss) / earnings per share of net (loss) / profit for the year (basic and diluted)	32	<u>(3.39)</u>	<u>4.20</u>



Finance Director  
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Chief Executive Officer  
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Chairman of Board of Directors  
(Fahad Abdullah Suliman Alsaawi)

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

**DIGITAL RESEARCH COMPANY**

(A SAUDI JOINT STOCK COMPANY)

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

(All amounts are in Saudi Riyal (ﷻ) unless otherwise stated)



	Share capital	Additional contribution from Pre-IPO shareholders	Statutory reserve	Treasury shares	Share premium	Retained earnings	Total equity
<b>DECEMBER 31, 2024</b>							
Balance as at January 1, 2024	1,228,070	-	368,421	-	11,528,452	8,199,121	21,324,064
Net profit for the year	-	-	-	-	-	5,929,471	5,929,471
Other comprehensive loss for the year	-	-	-	-	-	(285,199)	(285,199)
Total comprehensive income for the year	-	-	-	-	-	5,644,272	5,644,272
<b>Transactions with owners:</b>							
Increase in share capital through share premium and retained earnings (note 16, 20)	13,771,930	-	-	-	(11,528,452)	(2,243,478)	-
Increase in share capital through Initial Public Offering (“IPO”) (note 16)	1,875,000	-	-	-	12,497,965	-	14,372,965
Treasury shares contributed by Pre-IPO shareholders (note 19)	-	1,363,530	-	(1,363,530)	-	-	-
Dividends (note 37)	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance as at December 31, 2024	<u>16,875,000</u>	<u>1,363,530</u>	<u>368,421</u>	<u>(1,363,530)</u>	<u>12,497,965</u>	<u>7,599,915</u>	<u>37,341,301</u>
<b>DECEMBER 31, 2025</b>							
Balance as at January 1, 2025	<b>16,875,000</b>	<b>1,363,530</b>	<b>368,421</b>	<b>(1,363,530)</b>	<b>12,497,965</b>	<b>7,599,915</b>	<b>37,341,301</b>
Net loss for the year	-	-	-	-	-	(5,260,794)	(5,260,794)
Other comprehensive loss for the year	-	-	-	-	-	(507,832)	(507,832)
Total comprehensive loss for the year	-	-	-	-	-	(5,768,626)	(5,768,626)
Balance as at December 31, 2025	<u>16,875,000</u>	<u>1,363,530</u>	<u>368,421</u>	<u>(1,363,530)</u>	<u>12,497,965</u>	<u>1,831,289</u>	<u>31,572,675</u>

Finance Director  
(Muhammad Arslan Qamar)

Chief Executive Officer  
(Waleed Khalid Alsuliman)

Chairman of Board of Directors  
(Fahad Abdullah Suliman Alsaawi)

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

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

(All amounts are in Saudi Riyal (ﷻ) unless otherwise stated)

	December 31, 2025	December 31, 2024
<b>Cash flows from operating activities</b>		
(Loss) / profit for the year before zakat	(4,427,706)	6,920,287
<b>Adjustments:</b>		
Depreciation of property and equipment	921,604	467,981
Depreciation on right-of-use assets	987,901	1,380,772
Amortization of intangible assets	100,699	86,864
Expected credit loss allowance / (reversal)	876,372	(8,019)
Finance cost	1,239,548	1,495,816
Provision for employees' defined benefits liabilities	1,219,025	1,052,149
Gain on derecognition of right-of-use assets and lease liabilities	-	1,112
Fair value loss on financial assets at fair value through profit or loss	129,802	-
Gain on disposal of financial assets at fair value through profit or loss	(23,890)	-
<b>Changes in operating assets and liabilities:</b>		
Contract assets	1,647,387	2,789,671
Prepaid expenses and other assets	823,744	1,166,418
Accounts receivable	3,535,533	(2,791,448)
Accounts payable, accrued expenses and other liabilities	(4,268,255)	3,893,314
Contract liabilities	312,816	(2,060,316)
<b>Cash generated from operations</b>	<b>3,074,580</b>	<b>14,394,601</b>
Employees' defined benefits liabilities	(146,495)	(266,194)
Zakat paid	(991,894)	(595,660)
<b>Net cash generated from operating activities</b>	<b>1,936,191</b>	<b>13,532,747</b>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(169,614)	(173,115)
Additions to capital work in progress	(3,080,200)	(143,500)
Additions to intangible assets	(119,331)	(15,000)
Additions in investments at fair value through profit or loss	(1,221,498)	-
Proceeds from disposal of investments at fair value through profit or loss	223,679	-
<b>Net cash used in investing activities</b>	<b>(4,366,964)</b>	<b>(331,615)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	-	14,372,965
Proceeds from loans	-	8,477,994
Repayments of loans	(370,315)	(8,169,300)
Finance cost paid	(281,022)	(710,247)
Dividends paid	-	(4,000,000)
Lease liabilities paid	(1,911,814)	(1,831,023)
<b>Net cash (used in) / generated from financing activities</b>	<b>(2,563,151)</b>	<b>8,140,389</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,993,924)</b>	<b>21,341,521</b>
Cash and cash equivalents at the beginning of the year	26,932,374	5,590,853
<b>Cash and cash equivalents at end of the year</b>	<b>21,938,450</b>	<b>26,932,374</b>

**Supplemental cash flow information (note 33.1)**



Finance Director  
(Muhammad Arslan Qamar)



Chief Executive Officer  
(Waleed Khalid Alsuliman)



Chairman of Board of Directors  
(Fahad Abdullah Suliman Alsaawi)

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

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

(All amounts are in Saudi Riyal (ﷲ) unless otherwise stated)

**1 ORGANIZATION AND ACTIVITIES**

Digital Research Company is a Saudi Joint Stock Company, “the Company” registered in Riyadh under commercial registration no. 1010416852 and unified national number 7001868715 on Shaban 11, 1435H (corresponding to June 09, 2014).

The Company's headquarter is located in Riyadh, King Khalid International Airport, P.O. Box 1234, Postal Code 13413, Kingdom of Saudi Arabia.

The Company's activities primarily consist of market research and consulting services, and data analytics services.

On Safar 21, 1446H (corresponding to August 25, 2024G), Saudi Tadawul Group approved the application of the Company to list with a share capital of ﷲ 16,875,000 on Parallel Market ("Nomu") through an Initial Public Offering ("IPO"). On Rabi Al Awwal 8, 1446H (corresponding to September 11, 2024), the Capital Market Authority ("CMA") approved Company's application for the registration and offering of 337,500 shares representing 20% of the Company's post-IPO share capital on Nomu. IPO of the Company was completed, accordingly listing and trading of shares of the Company was announced by Saudi Exchange on December 11, 2024 (corresponding to Jumada II 10, 1446H).

**2 BASIS OF PREPARATION**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in KSA and other standards and pronouncements issued by the Saudi Organization for Chartered Professional Accountants (“SOCPA”).

**Preparation of financial statements**

The financial statements have been prepared under the historical cost convention except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in note 4 of these financial statements.

**Functional and presentation currency**

The Company’s financial statements are presented in Saudi Riyals (ﷲ), which is also the Company’s functional and presentation currency and all values are rounded to the nearest Saudi riyal, except where otherwise indicated.

**3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

**3.1** A new amendment to standards, enlisted below, is effective this year but it does not have a material effect on the Company’s financial statements.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of amendment</b>	<b>Management assessment</b>
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.  The amendments introduce new disclosures to help statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Company’s financial position, financial performance, or cash flows for the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(All amounts are in Saudi Riyal (ﷻ) unless otherwise stated)

**3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)**

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

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Company's financial statements, as the Company's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Company's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Company's financial statements upon initial application.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(All amounts are in Saudi Riyal (ﷲ) unless otherwise stated)

**3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)**

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

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective from accounting period beginning on or after</b>	<b>Summary of amendment</b>	<b>Management assessment</b>
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of the financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Company's assets, liabilities, income or expenses.
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Company's financial position, financial performance or cash flows.

#### 4 MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies that have been applied by the Company:

##### 4.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 'Inventories' or value in use in IAS 36 'Impairment of Assets', where applicable.

##### Valuation techniques

When measuring the fair value of an asset or a liability, the Company uses observable market data as far 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. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

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

##### 4.2 Foreign currency translation

###### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

##### 4.3 Classification of assets and liabilities as "current" or "non-current"

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis. The assets are considered current as follows:

- If it is acquired primarily for the purpose of trading,
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the settlement or realization of the financial asset for at least twelve months after the reporting date.

All other assets are classified as "non-current".

The liabilities are considered current as follows:

- When it is expected to be paid during the normal cycle of operations,
- If it is acquired primarily for the purpose of trading,
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

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**4 MATERIAL ACCOUNTING POLICIES (Continued)**

**4.4 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Company applies the annual depreciation rates in the following ranges to its property and equipment:

<b>Item</b>	<b>Useful life</b>
Leasehold improvements	10 years
Furniture, fixtures and decorations	5 years
Air conditioners	5 years
Electrical equipment	4 years
Computers	5 years

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

**4.5 Leases**

Leases are recognized as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

**i) Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

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

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. As a practical expedient, the Company has elected to combine both lease and non-lease components as one to calculate the present value of lease liabilities and corresponding right of use assets.

#### 4 MATERIAL ACCOUNTING POLICIES (Continued)

##### 4.5 Leases (Continued)

###### *i) Lease liabilities (Continued)*

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

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

###### *ii) Right-of-use assets*

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of profit or loss and other comprehensive income over the lease term as part of the depreciation of that asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

The right-of-use assets are presented as a separate line item in the statement of financial position.

###### *Lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

###### *Short-term and low value leases*

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

The right-of-use assets and corresponding lease liabilities have been adjusted during the year due to an oversight relating to the previous accounting of lease term, schedule of lease payments and related depreciation on right of use assets and on leasehold improvements. As per management, the adjustments related to these matters affecting the statement of financial position, statement of profit or loss and other comprehensive income and statement of cashflows were immaterial and have been accounted for as an adjustment in the current year (note 6, 8).

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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**4 MATERIAL ACCOUNTING POLICIES (Continued)**

**4.6 Intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Amortization is calculated from the date when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

<u>Item</u>	<u>Number of years</u>
Software	5

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- (a) a research phase; and
- (b) a development phase

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research phase is recognised as an expense in the period in which it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, the Company can demonstrate all of the following:

- (i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) The intention to complete the intangible asset and use or sell it;
- (iii) The ability to use or sell the intangible asset;
- (iv) How the intangible asset will generate probable future economic benefits;
- (v) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- (vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs comprise, but not limited to, following:

- (a) costs of materials and services used or consumed in generating the intangible asset;
- (b) costs of employee benefits (as defined in IAS 19) arising from the generation of the intangible asset;
- (c) fees to register a legal right;
- (d) selling, administrative and other general overhead expenditure which can be directly attributed to developing the asset; and
- (d) amortisation of patents and licenses that are used to generate the intangible asset.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

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

The Company assesses at the end of each reporting period whether there is any indication that non-financial assets may be impaired.

Non-financial assets other than goodwill, if any, are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Such impairment loss is recognized in the statement of profit or loss and other comprehensive income in the period it has occurred.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset, if any, may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income. Impairment losses on goodwill, if any, are not reversible.

##### **4.8 Financial Instruments**

###### *a) Initial recognition and measurement of financial instruments*

The Company initially recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

Where the accounts receivable do not have a significant financing component, initial measurement is at their transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Except for accounts receivable that do not have a significant financing component, initial measurement of the financial instrument is at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss and other comprehensive income.

##### **Business model assessment**

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

##### **4.8 Financial Instruments (Continued)**

###### *a) Initial recognition and measurement of financial instruments (Continued)*

###### **Business model assessment (Continued)**

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

###### *b) Financial assets - subsequent classification and measurement*

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. There are two criteria used to determine how financial assets should be classified and measured:

- (i) the Company's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial asset.

Key management personnel have determined that the Company's financial assets are held within a business model whose objective is to hold financial assets in order to collect cash flows.

A financial asset is measured at amortized cost if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Otherwise, a financial asset is measured at fair value through profit or loss (FVTPL).

Investments in equity instruments are measured at fair value, and the Company did not elect to present in other comprehensive income subsequent changes in the fair value of such investment in an equity instrument.

Financial assets are only reclassified between measurement categories, when and only when, the Company's business model for managing them changes, which is expected to be uncommon.

The Company derecognizes a financial asset when the rights to the cash flows from the financial asset have expired or where the Company has transferred substantially all risks and rewards associated with the financial asset and does not retain control of the financial asset.

###### *c) Impairment of financial assets*

The Company assesses, on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

As required by IFRS 9, the Company applies the simplified approach for Accounts receivables and contract assets. The Company uses a provision matrix in the calculation of the expected credit losses on accounts receivable, retention receivables and contract assets to estimate the lifetime expected credit losses, applying certain provision rates to respective aging buckets.

###### *d) Write-off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

##### **4.8 Financial Instruments (Continued)**

###### *d) Write-off policy (Continued)*

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

###### *e) Financial liabilities - subsequent classification and measurement*

Financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

The Company derecognizes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

###### *f) Cash and cash equivalents*

For the purposes of the statements of financial positions and cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of change in values.

###### *g) Offsetting of financial instruments*

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

##### **4.9 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are extinguished from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless they have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

##### **4.10 Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

##### **4.11 Contingencies**

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the probability of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the statement of financial position under trade and other payables. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

##### **4.12 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividends are recorded in the financial statements in the year in which they are declared and approved by the shareholders of the Company.

##### **4.13 Segmental reporting**

A business segment is a group of assets, operations or entities:

- i) engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components;
- ii) the results of its operations are continuously analyzed by the Company controller in order to make decisions related to resource allocation and performance assessment; and
- iii) for which financial information is discretely available.

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

##### **4.14 Employee benefits**

The Company recognizes a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. Employee benefits are short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

##### *Short-term employee benefits*

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### 4 MATERIAL ACCOUNTING POLICIES (Continued)

##### 4.14 Employee benefits (Continued)

###### *Employee defined benefit liabilities*

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurements.

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items.

###### *Retirement benefits*

Retirement benefits made to funded defined contribution plans in respect of Saudi employees are expensed when incurred.

##### 4.15 Zakat

The Company is subject to the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat is calculated on accrual basis. Zakat is calculated on the higher of zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

##### 4.16 Value added tax and withholding tax

The Company is subject to value-added tax in accordance with the value-added tax system applied in the Kingdom of Saudi Arabia. The tax amount is determined by applying the tax rate to the value of the supply, which represents the difference between the output and input tax. The Company accounts for revenues and purchases/services after deducting the value-added tax for all periods presented in the statement of profit or loss.

The Company withhold taxes on certain transactions with non-resident parties in the KSA, as required under Saudi Arabian Income Tax Law.

##### 4.17 Revenues

The Company derives revenue principally from rendering of services and is measured at the fair value of the consideration received or receivable. Revenue is recognized when the Company fulfills its obligations in contracts with customers with an amount that reflects the material compensation that the entity expects for services. Specifically, the standard provides a five-step model for revenue recognition: .

Step 1: Identify the contract with the customer: A contract is an agreement between two or more parties that establishes rights and obligations and sets standards that must be met for each contract.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in the contract with a customer to provide services to the customer.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

##### **4.17 Revenues (Continued)**

Step 3: Determine the transaction price: The transaction price is the amount of consideration that the company expects to receive in exchange for transferring the promised services to the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: In a contract that contains more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that determines the amount of consideration the company expects to receive in exchange for fulfilling each performance obligation.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation: A company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is proven:

- (a) The Company's performance does not create an asset that has an alternative use to the Company, and the company has an enforceable right to payment for the performance completed to date; or
- (b) The Company's performance creates or improves the asset that the customer controls at the same time; or
- (c) The customer receives the benefits provided by the entity's performance and consumes them at the same time as soon as the Company performs.

Below is how revenue is recognized for all types of services:

- *Market research and consulting services: Revenue is recognized over time*
- *Data analytics services: Revenue is recognized over time*

The Company undertakes a performance commitment and recognizes revenues over time through the output method based on appraisal of results achieved or milestones reached whereby the customer simultaneously receives and consumes the benefits provided by the Company's performance while executing the performance.

##### **Contract assets and liabilities**

When one of the parties of a contract performs, the entity is required to present the contract in the statement of financial position as a contract asset or a contract liability based on the relationship between the entity's performance and the customer's payment. Contract assets represent the entity's right to compensation for services transferred by the entity to the customer. Contract liabilities represent the entity's obligation to transfer the services to the customer, for which the entity received compensation (or is due) from the customer.

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

Cost of revenue includes cost directly related to generating revenue. which includes direct and indirect cost like operational employees cost, depreciation, data collection, research and consultancy costs and other direct operational expenses.

##### **4.19 Expenses**

All other expenses are classified as general and administrative expenses and selling and marketing expenses. Common expenses are allocated between general and administrative expenses and cost of revenue. Common expenses are allocated on consistent basis.

#### **4 MATERIAL ACCOUNTING POLICIES (Continued)**

##### **4.20 Other income**

Other income is recognized on accrual basis.

##### **4.21 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing profit for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the Company has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Company will be the same.

##### **4.22 Finance costs**

All finance costs are recognized as an expense in the period in which they are incurred. Finance costs consist of interest on bank facilities, bank charges, interest amortization on end of service liability and interest amortized for lease liabilities.

#### **5 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 4, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **5.1 Critical judgements in applying accounting policies**

The following are the critical judgements that have the most significant effect on the amounts recorded in the financial statements.

###### **a) Revenue recognition**

The Company evaluates each of its contracts with customers to determine whether performance obligations have been satisfied over time or at a specific point in time to determine the appropriate method of recognizing revenue based on service agreements with customers and related provisions, regulations, and laws. In the case of contracts concluded with customers for the provision of services, the management believes that the revenue must be recognized over a period. The Company undertakes a performance commitment and recognizes revenues over time through the output method based on appraisal of results achieved or milestones reached whereby the customer simultaneously receives and consumes the benefits provided by the Company's performance while executing the performance. Otherwise, revenue is recognized at a point in time.

###### **b) Going concern**

The Company's management assesses its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Company's financial statements continue to be prepared on the going concern basis.

##### **5.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

## 5 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### 5.2 Key sources of estimation uncertainty (Continued)

#### a) Useful lives and residual values of property and equipment and intangible assets

The Company's management estimates the useful lives of its property and equipment and intangible assets for the purpose of calculating depreciation and amortization respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear for useful lives. Residual values are based on experience and observable data where available. These are disclosed in note 4 of these financial statements.

#### b) Impairment of accounts receivables, retention receivables and contract assets

The Company uses a provision matrix to calculate Expected Credit Loss ("ECL") for account receivables, contract assets and retentions receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast of economic conditions (i.e., Gross Domestic Product "GDP" and inflation) are expected to change over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast of economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future (note 13).

#### c) Employees' defined benefit liabilities

Employees' defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs such as discount rates, rate of salary increase, mortality rates and employment turnover. Changes in key assumptions can have a significant impact on the projected benefit liabilities and/or periodic employee defined benefit costs incurred (note 21).

#### d) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. (note 35)

#### e) Zakat accrual

The Company's current zakat accrual of ﷲ 0.83 million relates to management's assessment of the amount of zakat accrued on open zakat positions where the liabilities remain to be agreed with the ZATCA. Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat and tax assessments at a future date, the final outcome may differ significantly. Note 24 describes the status of zakat assessments.

#### f) Extension and termination options in lease contracts

Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the Company and the lessor.

In determining the term of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise the termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The appraisal is reviewed if a significant event or significant change in circumstances occurs that affects this appraisal and is within the tenant's control.

#### g) Impairment of non-financial assets

The Company's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. If the amount of recoverable assets is estimated to be below its carrying amount, the carrying amount of the asset decreases to its recoverable value, and the impairment loss is recognized immediately in the statement of profit or loss.

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6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and decorations	Air conditioners	Electrical equipment	Computers	Total
<b><u>Cost</u></b>						
January 1, 2025	3,255,063	1,068,434	105,240	507,104	1,321,151	6,256,992
Additions during the year	-	4,030	-	19,397	146,187	169,614
December 31, 2025	<b>3,255,063</b>	<b>1,072,464</b>	<b>105,240</b>	<b>526,501</b>	<b>1,467,338</b>	<b>6,426,606</b>
<b><u>Accumulated depreciation</u></b>						
January 1, 2025	728,696	1,032,332	105,240	470,712	845,848	3,182,828
Charge for the year	325,506	27,294	-	22,269	173,170	548,239
Adjustment during the year (note 4.5)	373,365	-	-	-	-	373,365
December 31, 2025	<b>1,427,567</b>	<b>1,059,626</b>	<b>105,240</b>	<b>492,981</b>	<b>1,019,018</b>	<b>4,104,432</b>
<b><u>Net book value</u></b>						
December 31, 2025	<b>1,827,496</b>	<b>12,838</b>	<b>-</b>	<b>33,520</b>	<b>448,320</b>	<b>2,322,174</b>

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6. PROPERTY AND EQUIPMENT (Continued)

	Leasehold improvements	Furniture, fixtures and decorations	Air conditioners	Electrical equipment	Computers	Total
<b><u>Cost</u></b>						
January 1, 2024	3,255,063	1,068,434	105,240	491,072	1,164,068	6,083,877
Additions during the year	-	-	-	16,032	157,083	173,115
December 31, 2024	<u>3,255,063</u>	<u>1,068,434</u>	<u>105,240</u>	<u>507,104</u>	<u>1,321,151</u>	<u>6,256,992</u>
<b><u>Accumulated depreciation</u></b>						
January 1, 2024	514,087	968,860	104,036	438,769	689,095	2,714,847
Charge for the year	<u>214,609</u>	<u>63,472</u>	<u>1,204</u>	<u>31,943</u>	<u>156,753</u>	<u>467,981</u>
December 31, 2024	<u>728,696</u>	<u>1,032,332</u>	<u>105,240</u>	<u>470,712</u>	<u>845,848</u>	<u>3,182,828</u>
<b><u>Net book value</u></b>						
December 31, 2024	<u>2,526,367</u>	<u>36,102</u>	<u>-</u>	<u>36,392</u>	<u>475,303</u>	<u>3,074,164</u>

Depreciation on property and equipment is allocated as follows:

	December 31, 2025	December 31, 2024
Cost of revenue (note 27)	<u>726,505</u>	380,526
General and administrative expenses (note 29)	<u>195,099</u>	87,455
	<u><b>921,604</b></u>	<u>467,981</u>

Leasehold improvements with net book value amounting to ﷻ 1.83 million as at December 31, 2025 (December 31, 2024: ﷻ 2.53 million) were made on leased offices.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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7. INTANGIBLE ASSETS

	December 31, 2025	December 31, 2024
<b><u>Cost</u></b>		
Balance at the beginning of the year	551,637	536,637
Additions during the year	119,331	15,000
Transfer from capital work in progress (note 9)	285,198	-
<b>Balance at the end of the year</b>	<b>956,166</b>	<b>551,637</b>
<b><u>Accumulated amortization</u></b>		
Balance at the beginning of the year	368,831	281,967
Charge for the year	100,699	86,864
<b>Balance at the end of the year</b>	<b>469,530</b>	<b>368,831</b>
<b>Net book value at the end of the year</b>	<b>486,636</b>	<b>182,806</b>

Amortization on intangible assets is allocated as follows:

	December 31, 2025	December 31, 2024
Cost of revenue (note 27)	79,265	70,628
General and administrative expenses (note 29)	21,434	16,236
	<b>100,699</b>	<b>86,864</b>

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

8.1 Right-of-use-assets:

	December 31, 2025	December 31, 2024
Balance at the beginning of the year	6,943,175	8,348,130
Additions during the year	390,825	-
Adjustment during the year (note 4.5)	405,100	-
Depreciation charge for the year	(1,444,197)	(1,380,772)
Derecognized during the year	-	(24,183)
<b>Net book value at the end of the year</b>	<b>6,294,903</b>	<b>6,943,175</b>

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**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**

**8.1 Right-of-use-assets (Continued):**

Depreciation on right-of-use assets is allocated as follows:

	<b>December 31, 2025</b>	December 31, 2024
Cost of revenue (note 27)	<b>783,746</b>	1,122,684
General and administrative expenses (note 29)	<b>204,155</b>	258,088
Capitalized to capital work in progress (note 9)	<b>51,196</b>	-
	<b>1,039,097</b>	1,380,772

**8.2 Lease liabilities:**

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>7,764,199</b>	8,997,659
Addition during the year	<b>390,825</b>	-
Finance cost (note 30)	<b>539,192</b>	620,634
Adjustment during the year (note 4.5)	<b>46,193</b>	-
Derecognized during the year	-	(23,071)
Paid during the year	<b>(1,911,814)</b>	(1,831,023)
<b>Balance at the end of the year</b>	<b>6,828,595</b>	7,764,199
Non-current portion	<b>4,986,496</b>	6,664,639
Current portion	<b>1,842,099</b>	1,099,560
	<b>6,828,595</b>	7,764,199

The future minimum lease payments have been discounted, using an effective interest rate ranging from 7.39% per annum (2024: ranging from 5.2% to 7.39%), to their present values.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company does not have any leases which contain variable lease payment terms.

The right-of-use assets primarily consist of office premises obtained through rental arrangements.

The Company's remaining contractual maturity for its lease liabilities have been disclosed in note 34. The Company does not face a significant liquidity risk with regard to its lease liabilities, which are monitored to determine that these are settled in accordance with the relevant lease agreements.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**9. CAPITAL WORK IN PROGRESS**

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>143,500</b>	-
Additions during the year	<b>3,131,396</b>	143,500
Transferred to intangible assets during the year (note 7)	<b>(285,198)</b>	-
<b>Balance at the end of the year</b>	<b><u>2,989,698</u></b>	<u>143,500</u>

The Company is in the process of developing certain software applications (i.e. solution products) and has capitalized the related costs incurred by the Company on the development of those intangible assets. The additions include capitalization of ﷲ 0.05 million for depreciation on right of use assets.

**10. CONTRACT ASSETS AND CONTRACT LIABILITIES**

**10.1 Contract assets**

The movement in contract assets is as follows:

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>7,941,298</b>	10,730,969
Revenue recognized during the year	<b>46,133,243</b>	60,482,340
Revenue billed during the year	<b>(47,780,630)</b>	(63,272,011)
<b>Balance at the end of the year</b>	<b><u>6,293,911</u></b>	<u>7,941,298</u>

**10.2 Contract liabilities**

The movement in contract liabilities is as follows:

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>864,200</b>	2,924,516
Revenue recognized during the year	<b>(1,156,930)</b>	(2,571,687)
Advance received during the year	<b>1,469,746</b>	511,371
<b>Balance at the end of the year</b>	<b><u>1,177,016</u></b>	<u>864,200</u>

The transaction price allocated to unsatisfied performance obligations at December 31, 2025 amounted to ﷲ 29.69 million (December 31, 2024: ﷲ 47.49 million) which comprise entirely of revenue from services provided to customers.

Management expects that whole of the contract liabilities will be recognized as revenue in the next financial year.

Contract liabilities of ﷲ 0.86 million (December 31, 2024: ﷲ 2.57 million) raised in prior year were recognized as revenue in the current year. All of this amount related to the revenue from services provided to customers.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**11. PREPAID EXPENSES AND OTHER ASSETS**

	<b>December 31, 2025</b>	December 31, 2024
Cash margin on letters of guarantee	<b>4,301,814</b>	5,142,967
Prepaid expenses	<b>1,078,793</b>	1,260,499
Advance to suppliers	<b>207,399</b>	-
Security deposits	<b>158,393</b>	182,035
Accrued income	<b>45,487</b>	-
Advance to employees	<b>103,968</b>	134,097
	<b><u>5,895,854</u></b>	<u>6,719,598</u>

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

The movement in financial assets at fair value through profit or loss is set out below:

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	-	-
Additions during the year	<b>1,221,498</b>	-
Changes in fair value	<b>(129,802)</b>	-
Disposals during the year	<b>(199,789)</b>	-
<b>Balance at the end of the year</b>	<b><u>891,907</u></b>	<u>-</u>

These financial instruments are mandatorily measured at fair value through profit or loss in accordance with the requirements of IFRS 9.

Fair values of these equity investments are determined based on the quoted market price available on the Saudi Stock Exchange, which is a Level 1 input in terms of IFRS 13 Fair Value Measurement.

Amounts recognized in statement of profit or loss and other comprehensive income for the year are as follows:

	<b>December 31, 2025</b>	December 31, 2024
Gain on disposal of financial assets at FVTPL	<b>23,890</b>	-
Fair value loss on financial assets at FVTPL	<b>(129,802)</b>	-
	<b><u>(105,912)</u></b>	<u>-</u>

Fair value loss on financial assets at FVTPL represents unrealized loss which arose due to change in market prices of these as at December 31, 2025.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**13. ACCOUNTS RECEIVABLE**

	<b>December 31, 2025</b>	December 31, 2024
Accounts receivable	<b>9,295,918</b>	12,890,105
Retentions receivable	<b>217,109</b>	158,455
	<b>9,513,027</b>	13,048,560
ECL allowance on accounts receivable	<b>(1,064,658)</b>	(188,286)
	<b>8,448,369</b>	12,860,274

The Company applies a simplified method to calculate expected credit losses (ECL), and management believes that the credit loss allowance adequately covers the risk of default. The Company does not have any security on these receivables but these are significantly receivable from government customers (note 13.1).

**13.1 Customer wise split of the accounts receivable:**

	<b>December 31, 2025</b>	December 31, 2024
Government entities	<b>8,070,018</b>	12,392,213
Private entities	<b>1,225,900</b>	497,892
	<b>9,295,918</b>	12,890,105

**13.2 Movement in ECL allowance on accounts receivables is as follows:**

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>188,286</b>	196,305
Allowance charged / (reversed) during the year	<b>876,372</b>	(8,019)
<b>Balance at the end of the year</b>	<b>1,064,658</b>	188,286

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9:

<b>2025</b>	<b>Current</b>	<b>0-90</b>	<b>91-180</b>	<b>181-270</b>	<b>271-360</b>	<b>&gt;365</b>	<b>Total</b>
Gross accounts receivable	<b>217,109</b>	<b>6,406,750</b>	<b>883,660</b>	<b>576,150</b>	-	<b>1,429,358</b>	<b>9,513,027</b>
Less: ECL allowance	-	<b>3,861</b>	<b>2,830</b>	<b>31,327</b>	-	<b>1,026,640</b>	<b>1,064,658</b>
Net accounts receivable	<b>217,109</b>	<b>6,402,889</b>	<b>880,830</b>	<b>544,823</b>	-	<b>402,718</b>	<b>8,448,369</b>
<b>Average loss rates (%)</b>	<b>0%</b>	<b>0.06%</b>	<b>0.32%</b>	<b>5.44%</b>	<b>0%</b>	<b>71.83%</b>	

<b>2024</b>	<b>Current</b>	<b>0-90</b>	<b>91-180</b>	<b>181-270</b>	<b>271-360</b>	<b>&gt;365</b>	<b>Total</b>
Gross accounts receivable	2,419,945	4,828,990	5,799,625	-	-	-	13,048,560
Less: ECL allowance	-	376	187,910	-	-	-	188,286
Net accounts receivable	2,419,945	4,828,614	5,611,715	-	-	-	12,860,274
<b>Average loss rates (%)</b>	<b>0%</b>	<b>0.01%</b>	<b>3.24%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	

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**14. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2025</b>	December 31, 2024
Cash at banks	<b>5,865,309</b>	26,932,374
Short term deposits (note 14.1)	<b>16,073,141</b>	-
	<b>21,938,450</b>	26,932,374

**14.1** The Islamic Mudaraba time deposits are held until maturity dates with local bank. Variable interest rates are determined as of December 31, 2025, based on prevailing market rates.

**15. RELATED PARTIES TRANSACTIONS**

Related parties comprise substantial shareholders, Board of Directors (“Board”) and key management personnel of the Company and their relatives. Prices and terms of related party transactions are approved by the Company's Board and are in the Company's normal course of business. There were no significant related party transactions during the years ended December 31, 2025 and 2024.

**Compensation of Board and key management personnel**

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, includes senior management and board of directors (executive or otherwise).

	<b>December 31, 2025</b>	December 31, 2024
Short term benefits	<b>7,103,674</b>	7,213,050
Post-employment benefits	<b>408,841</b>	368,228
Board members’ remunerations and meeting allowances (note 29)	<b>490,562</b>	829,000
	<b>8,003,077</b>	8,410,278

**16. SHARE CAPITAL**

The Company’s share capital as at December 31, 2025 amounted to ﷲ 16,875,000 (December 31, 2024: ﷲ 16,875,000) consisting of 1,687,500 (December 31, 2024: 1,687,500) fully paid and issued shares of ﷲ 10 each.

The Company's General Assembly meeting, held on Rajab 16, 1445H (corresponding to January 28, 2024), shareholders approved to increase the share capital by ﷲ 122,800 (12,280 shares of ﷲ 10 each) from retained earnings.

Further, the Company's General Assembly meeting, held on Shawwal 13, 1445H (corresponding to April 22, 2024), approved to increase the share capital by ﷲ 13,649,130 (1,364,913 shares of ﷲ 10 each) from share premium amounting to ﷲ 11,528,452 and from retained earnings amounting to ﷲ 2,120,678 and the company's capital became 15,000,000 ﷲ after the increase.

Through an Extraordinary General Assembly meeting held on Dhul Hijjah 18, 1445H (corresponding to June 24, 2024), the shareholders of the Company approved to increase the share capital of the Company from ﷲ 15,000,000 to ﷲ 16,875,000 by issuing 187,500 additional shares during IPO and existing shareholders waived their preemptive right on these additional shares. Total proceeds received amounted to ﷲ 15,562,500 at ﷲ 83 per share for 187,500 shares out of which ﷲ 1,875,000 was recorded as an increase in share capital and remaining balance of ﷲ 12,497,965 was recorded as share premium after deducting the offering expenses of ﷲ 1,189,535.

Related legal formalities to increase the share capital have been completed during 2024.

**17. ADDITIONAL CONTRIBUTION FROM PRE IPO-SHAREHOLDERS**

Additional contribution from Pre-IPO shareholders represents ﷲ 1,363,530 (December 31, 2024: ﷲ 1,363,530) contributed by the Pre-IPO shareholders in form of treasury shares (note 19).

## **18. STATUTORY RESERVE**

According to the new Companies Law in the Kingdom of Saudi Arabia, which came into effect on January 19, 2023, the Company is no longer required to maintain a statutory reserve and the balance of the reserve can be transferred to retained earnings. General Assembly may determine the percentage to be distributed to the statutory reserve. By-laws of the Company have been amended accordingly during the year 2025.

## **19. TREASURY SHARES**

Through an Extraordinary General Assembly meeting held on Rajab 16, 1445H (corresponding to January 28, 2024), shareholders of the Company approved and awarded 12,280 shares for allocating to treasury shares and approved the uses of the treasury shares as follows:

- (i) Fulfilling convertible debt instruments holders right to convert them into shares in accordance with the terms and conditions of those instruments;
- (ii) Share swap transactions for the acquisition of a company's shares or stakes or an asset purchase;
- (iii) Allocating them to Company's employee as part of an Employee Share Plan; or
- (iv) Any other purpose approved by the relevant competent authority.

Also, through an Extraordinary General Assembly meeting held on Shawwal 13, 1445H (corresponding to April 22, 2024), shareholders authorized the Company's board of directors with full power to manage treasury shares.

Further, through an Extraordinary General Assembly meeting held on Dhul Hijjah 18, 1445H (corresponding to June 24, 2024), the shareholders of the Company approved and awarded 124,073 shares for allocating to treasury shares, thus making total allocation to treasury shares of 136,353 shares at the price of ﷲ 10 each.

## **20. SHARE PREMIUM**

On Ramadan 7, 1442H (corresponding to April 19, 2021), the Company's shareholders resolved to increase the Company's share capital from ﷲ 1,000,000 to ﷲ 1,228,070 and issued 22,807 new shares with nominal value of ﷲ 10 per share. Total proceeds received amounted to ﷲ 12,999,990 with value of ﷲ 570 per share out of which ﷲ 228,070 was recorded as an increase in share capital and the remaining balance of ﷲ 11,528,452 was recorded as share premium after deducting the related expenses of ﷲ 1,243,468. Value of ﷲ 570 per share was determined by the weighted average share calculated by Manafa Capital Company, licensed by the Capital Market Authority on July 16, 2018, through the Manafa Collective Equity Financing Platform for the capital increase. During the year ended December 31, 2024 entire opening balance of ﷲ 11,528,452 of share premium was utilized to increase the share capital of the Company.

IPO of the Company was completed, total proceeds received amounted to ﷲ 15,562,500 at ﷲ 83 per share for 187,500 shares out of which ﷲ 1,875,000 was recorded as an increase in share capital and remaining balance of ﷲ 12,497,965 was recorded as share premium after deducting the offering expenses of ﷲ 1,189,535.

## **21. EMPLOYEES' DEFINED BENEFIT LIABILITIES**

### **21.1 Defined contribution plan:**

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan is ﷲ 1.48 million (December 31, 2024: ﷲ 1.22 million).

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**21. EMPLOYEES' DEFINED BENEFIT LIABILITIES (Continued)**

**21.2 Employees' end of service benefits:**

The Company operates a termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia.

The Company assesses the present value of the defined employee benefit liabilities by conducting an actuarial valuation using the projected unit credit method. This assessment is based on a specified set of assumptions.

Employees' defined benefits liabilities are unfunded plans and the benefit payment obligations are met when they are due.

The movement in employees' defined benefit liabilities as at December 31, is as follows:

	<b>December 31, 2025</b>	December 31, 2024
Employees' defined benefit liabilities balance at the beginning of the year	<b>4,959,214</b>	3,723,125
<b>Charged to the statement of profit or loss</b>		
Current service cost	<b>1,219,025</b>	1,078,114
Curtailment gain	-	(25,965)
Finance cost (note 30)	<b>263,842</b>	164,935
<b>Charged to the statement of other comprehensive income</b>	<b>1,482,867</b>	1,217,084
Actuarial loss from re-measurement of employees' defined benefit liabilities	<b>507,832</b>	285,199
Paid during the year	<b>(146,495)</b>	(266,194)
<b>Employees' defined benefit liabilities balance at the end of the year</b>	<b>6,803,418</b>	4,959,214

**Key Assumptions**

	<b>December 31, 2025</b>	December 31, 2024
Discount rate	<b>5.10%</b>	5.40%
Average rate of salary increase	<b>5.0%</b>	5.0%
Rate of employee turnover	<b>Moderate</b>	Moderate
Average duration	<b>7.31</b>	5.51

**Sensitivity analysis**

The sensitivity analysis presented below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. Accordingly, employees' defined benefit plan obligations are as under:

	<b>December 31, 2025</b>	December 31, 2024
Increase in discount rate by 1%	<b>6,338,747</b>	4,700,925
Decrease in discount rate by 1%	<b>7,334,012</b>	5,247,023
Increase in salary rate by 1%	<b>7,364,012</b>	5,270,221
Decrease in salary rate by 1%	<b>6,303,909</b>	4,675,207

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**22. TERM LOANS**

	<b>December 31, 2025</b>	December 31, 2024
Term loans under Islamic facility	<b>1,336,691</b>	1,597,707

The movement on term loans is as follows:

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of year	<b>1,597,707</b>	1,289,013
Received during the year	-	8,477,994
Interest accrued	<b>114,766</b>	424,466
Interest paid	<b>(5,467)</b>	(424,466)
Principal paid during the year	<b>(370,315)</b>	(8,169,300)
<b>Balance at the end of the year</b>	<b>1,336,691</b>	1,597,707

Term loans are allocated as follows:

	<b>December 31, 2025</b>	December 31, 2024
Current portion	<b>1,336,691</b>	1,597,707

**Loan from Bank Al Bilad**

On Rajab 12, 1445H (corresponding to January 24, 2024), the Company renewed the agreement dated July 28, 2022 with Bank Al Bilad for term financing facility comprising term loans and letters of guarantee with a total value of ﷲ 9.9 million ("The Facility") whereby term loans are at prevailing market rate based on SIBOR plus margin. The Facility provides term loans and letters of guarantee for a period of three years and is secured by a promissory note in the amount of ﷲ 7.8 million and is also secured by Kafala Program. As of the period end, this facility agreement is under renewal process. As at December 31, 2025, the outstanding balance of the loan from Bank Al Bilad amounted to ﷲ 1.34 million (December 31, 2024: ﷲ 1.60 million). The loan is obtained under project financing and its repayment will be made upon receipt of collections from the customer, as per terms of contract for every specific customer. Average effective finance cost rates on term borrowings is 5.14% (December 31, 2024: 6.10% per annum).

**Loan from Lendo Company**

On Safar 9, 1446H (corresponding to August 13, 2024), the Company renewed the agreement with Lendo Company for short-term financing facility with a total value of ﷲ 7.5 million ("The Facility") at prevailing rate. The Facility was subject to financing the accounts receivable of the Company upto 80% of the approved invoice, with repayment to be made within a maximum period of six months from the date of receipt. The Facility is secured by a promissory note in the amount of ﷲ 7.95 million. The Facility expired on August 25, 2025. As of December 31, 2025 and December 31, 2024, the outstanding balance of the loan from Lendo Company amounted to nil.

**Loan from Riyadh Bank**

On Safar 15, 1446H (corresponding to August 19, 2024), the Company signed an agreement which was dated Ramadan 7, 1445H (corresponding to March 17, 2024) with Riyadh Bank for project financing and letters of guarantee facilities with a total value of ﷲ 4.5 million ("The Facility") with project financing at prevailing market rate based on SIBOR plus margin. The Facility covers a period of three years and is secured by a promissory note in the amount of ﷲ 4.6 million and is also secured by Kafala Program. The Facility shall expire on March 17, 2027. As of December 31, 2025 and December 31, 2024, the outstanding balance of the loan from Riyadh bank amounted to nil. The loan will be obtained under project financing and its repayment will be made upon receipt of collections from the customer, as per terms of contract for every specific customer.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**23. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>December 31, 2025</b>	December 31, 2024
Accrued expenses	<b>2,374,366</b>	4,438,027
Accounts payable	<b>1,273,516</b>	3,487,973
Value added tax (VAT) payable	<b>1,785,632</b>	2,566,103
Board and committee members remunerations and allowances payable	<b>830,465</b>	-
Accrued data collection and surveys	<b>737,909</b>	674,719
Withholding tax	<b>8,531</b>	111,852
	<b><u>7,010,419</u></b>	<u>11,278,674</u>

**24. ZAKAT ACCRUAL**

Following is the movement in zakat accrual:

	<b>December 31, 2025</b>	December 31, 2024
Balance at the beginning of the year	<b>991,894</b>	596,738
Provided during the year	<b>833,088</b>	990,816
Paid during the year	<b>(991,894)</b>	(595,660)
<b>Balance at the end of the year</b>	<b><u>833,088</u></b>	<u>991,894</u>

**Zakat assessment**

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority for the years up to 2024 and paid the dues accordingly and obtained the required certificates. Zakat certificate related to zakat return submitted for the year 2024 is valid as of the date of issuance of these financial statements. The Company paid additional zakat liability related to 2019 amounting of ﷲ 0.01 million. The Company received final zakat assessment for the year 2020 with no additional zakat liability. Zakat assessments have been finalized until 2020. No zakat assessments have been received for the years 2021 to 2024.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**25. SEGMENT REPORTING**

The Company's activities are managed, monitored and is operated as a single reportable segment except for revenue (note 26). As a result, no separate segment information is presented in these financial statements.

**26. REVENUE**

**26.1 Classification of revenue by segments**

	<b>December 31, 2025</b>	December 31, 2024
Market research and consultation services	<b>41,012,766</b>	51,194,692
Data analytics services	<b>6,277,407</b>	11,859,335
	<b>47,290,173</b>	63,054,027

**26.2 Timing of recognition of revenue**

	<b>December 31, 2025</b>	December 31, 2024
Over time	<b>47,290,173</b>	63,054,027

**26.3 Revenue by type of customers**

	<b>December 31, 2025</b>	December 31, 2024
Government entities	<b>42,234,950</b>	60,990,674
Private entities	<b>5,055,223</b>	2,063,353
	<b>47,290,173</b>	63,054,027

**26.4 Geographical source of revenue**

	<b>December 31, 2025</b>	December 31, 2024
Revenue derived from customers within Saudi Arabia	<b>46,994,623</b>	62,542,152
Revenue derived from customers outside Saudi Arabia	<b>295,550</b>	511,875
	<b>47,290,173</b>	63,054,027

**26.5** The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2025 amounted to ﷲ 29.69 million will be satisfied in future as per terms of contract (December 31, 2024 ﷲ 47.49 million).

**26.6** Revenue from one major customer accounted for 31.7 % of the total revenue for the year 2025 (2024: One customer accounted for 30.84%) which relates to Company's market research and consultation services.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**27. COST OF REVENUE**

	<b>December 31, 2025</b>	December 31, 2024
Employee salaries and benefits	<b>18,188,221</b>	20,156,724
Data collection and surveys expenses	<b>11,030,617</b>	10,105,205
Data consultancy expenses	<b>2,629,638</b>	4,581,232
Research and consultancy expenses	<b>1,899,146</b>	3,070,337
Medical insurance expenses	<b>1,166,985</b>	1,090,383
Depreciation on right of use assets (note 8)	<b>783,746</b>	1,122,684
Depreciation on property and equipment (note 6)	<b>726,505</b>	380,526
Amortization on intangible assets (note 7)	<b>79,265</b>	70,628
Other direct expenses	<b>1,056,549</b>	1,404,180
	<b>37,560,672</b>	41,981,899

**28. SELLING AND MARKETING EXPENSES**

	<b>December 31, 2025</b>	December 31, 2024
Advertising and promotion expenses	<b>335,862</b>	1,040,672
Other marketing expenses	<b>362,010</b>	149,946
	<b>697,872</b>	1,190,618

**29. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>December 31, 2025</b>	December 31, 2024
Employee salaries and benefits	<b>8,022,799</b>	7,871,240
Professional and legal fees (note 29.1)	<b>768,312</b>	637,269
Medical insurance	<b>637,566</b>	480,529
Software licenses	<b>593,610</b>	298,359
Board members' remunerations and allowances (note 15)	<b>490,562</b>	829,000
Other committees remunerations and allowances	<b>284,425</b>	130,000
Depreciation of right-of-use assets (note 8)	<b>204,155</b>	258,088
Depreciation on property and equipment (note 6)	<b>195,099</b>	87,455
Cleaning expenses	<b>183,642</b>	179,796
Government fees	<b>113,585</b>	657,806
Amortization of intangible assets (note 7)	<b>21,434</b>	16,236
Human resources services	<b>3,109</b>	186,328
Others	<b>701,285</b>	314,952
	<b>12,219,583</b>	11,947,058

**29.1** Professional and legal fees includes fees for auditing the annual financial statements and reviewing the condensed interim financial statements for the Company amounted to ﷲ 0.3 million (2024: ﷲ 0.25 million).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**30. FINANCE COST**

	<b>December 31, 2025</b>	December 31, 2024
Finance cost on lease liabilities (note 8)	<b>585,385</b>	620,634
Finance cost on loans (note 22)	<b>114,766</b>	424,466
Finance cost on employees' defined benefit liabilities (note 21)	<b>263,842</b>	164,935
Bank charges	<b>275,555</b>	285,781
	<b>1,239,548</b>	1,495,816

**31. OTHER INCOME**

	<b>December 31, 2025</b>	December 31, 2024
Government support for human resource development	<b>437,180</b>	436,132
Interest income (note 31.1)	<b>544,900</b>	-
Others	-	37,500
	<b>982,080</b>	473,632

**31.1** The Islamic Mudaraba time deposits are held until maturity dates with local bank. Variable interest rates are determined as of December 31, 2025, based on prevailing market rates.

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

	<b>December 31, 2025</b>	December 31, 2024
Net (loss) / profit for the year	<b>(5,260,794)</b>	5,929,471
Weighted average number of shares	<b>1,551,147</b>	1,410,784
Basic and diluted (loss) / earnings per share for the year	<b>(3.39)</b>	4.20

The Company presents basic and diluted (loss) / earnings per shares (EPS) for its ordinary shares. Basic EPS is calculated by dividing (loss) / profit for the year attributable to the ordinary shareholders of the Company separately from each of the continuing and discontinued operations by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year for the effects of all dilutive potential ordinary shares. Since the Company has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Company will be the same.

**33. SUPPLEMENTARY INFORMATION**

**33.1** Supplemental cash flow information

	<b>December 31, 2025</b>	December 31, 2024
<b>Supplemental schedule of non-cash information:</b>		
Right-of-use asset and lease liabilities recognized	<b>390,825</b>	-
Transfer from capital work in progress to intangible assets	<b>285,198</b>	-
Depreciation on right of use assets capitalized in capital work in progress	<b>51,196</b>	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**33. SUPPLEMENTARY INFORMATION (Continued)**

**33.2** Change in liabilities arising from financing activities for the year ended December 31, 2025 can be broken down as follows:

	<b>As at January 1, 2025</b>	<b>Principal received</b>	<b>Principal paid</b>	<b>Interest accrued</b>	<b>Interest paid</b>	<b>Additions / other adjustment</b>	<b>As at December 31, 2025</b>
Term loan	<b>1,597,707</b>	-	<b>(370,315)</b>	<b>114,766</b>	<b>(5,467)</b>	-	<b>1,336,691</b>
Lease liabilities	<b>7,764,199</b>	-	<b>(1,372,622)</b>	<b>539,192</b>	<b>(539,192)</b>	<b>437,018</b>	<b>6,828,595</b>
	<b>9,361,906</b>	-	<b>(1,742,937)</b>	<b>653,958</b>	<b>(544,659)</b>	<b>437,018</b>	<b>8,165,286</b>

**33.3** Change in liabilities arising from financing activities for the year ended December 31, 2024 can be broken down as follows:

	<b>As at January 1, 2024</b>	<b>Principal received</b>	<b>Principal paid</b>	<b>Interest accrued</b>	<b>Interest paid</b>	<b>Additions / other adjustment</b>	<b>As at December 31, 2024</b>
Term loans	1,289,013	8,477,994	(8,169,300)	424,466	(424,466)	-	1,597,707
Lease liabilities	8,997,659	-	(1,210,389)	620,634	(620,634)	(23,071)	7,764,199
	10,286,672	8,477,994	(9,379,689)	1,045,100	(1,045,100)	(23,071)	9,361,906

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**34. FINANCIAL RISK MANAGEMENT**

**Financial instruments by category**

Financial instruments have been categorised as follows:

	<b>December 31, 2025</b>	December 31, 2024
<b>Financial assets</b>		
<i>(i) Fair value through profit or loss</i>		
Financial assets at fair value through profit or loss	<b>891,907</b>	-
<i>(ii) Amortized cost</i>		
Cash and cash equivalents	<b>21,938,450</b>	26,932,374
Accounts receivable	<b>8,448,369</b>	12,860,274
Contract assets	<b>6,293,911</b>	7,941,298
Other assets	<b>4,505,694</b>	5,325,002
	<b>41,186,424</b>	53,058,948
<b>Total financial assets</b>	<b>42,078,331</b>	53,058,948
	<b>December 31, 2025</b>	December 31, 2024
<b>Financial liabilities</b>		
<i>Amortized cost</i>		
Lease liabilities	<b>6,828,595</b>	7,764,199
Accounts payable and other liabilities	<b>5,216,256</b>	8,600,719
Term loans	<b>1,336,691</b>	1,597,707
<b>Total financial liabilities</b>	<b>13,381,542</b>	17,962,625

**Financial risk and risk management**

The Company has an exposure to the following risks from its use of the financial instruments:

- Credit risk
- Liquidity risk
- Capital risk
- Market risk

**Financial risk management**

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**Credit risks**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customer receivables. The Company deposits bank balances with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances deposited with each financial institution.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**Financial risk and risk management (Continued)**

**Credit risk (Continued)**

Credit risk related to accounts receivable

Customers are evaluated according to the Company's standards. The Company does not believe that there is a significant risk of inefficiency of these institutions and does not consider itself exposed to credit risk concentrations in relation to debtors due to the diversity of its customer base.

Credit risk related to cash at banks, contract assets and other assets

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Cash is substantially placed with national banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Management has conducted an assessment in accordance with the requirements of International Financial Reporting Standard "IFRS" 9, and based on this assessment, management believes that there is no need to recognize a material impairment loss in cash at banks, contract assets and other financial assets.

ECL assessment for accounts receivable

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:

- Probability of default ("PD") using statistical model (i.e. normal distribution curve)
- GDP and inflation of KSA, as a macroeconomic variable to adjust the historic loss rate

The maximum credit risk to which the Company is exposed is represented by the value of the financial assets listed in the statement of financial position as follows:

<b>Financial assets</b>	<b>December 31, 2025</b>	December 31, 2024
Financial assets at fair value through profit or loss	<b>891,907</b>	-
Cash and cash equivalents	<b>21,938,450</b>	26,932,374
Accounts receivable	<b>8,448,369</b>	12,860,274
Contract assets	<b>6,293,911</b>	7,941,298
Other assets	<b>4,505,694</b>	5,325,002
<b>Total financial assets</b>	<b>42,078,331</b>	53,058,948

**Liquidity risks**

Liquidity risk represents the Company's difficulties in meeting commitments associated with its financial liabilities. The Company's approach to managing liquidity risk is to maintain sufficient cash and cash equivalents and ensure that funds are available to meet commitments as they fall due.

The management monitors the risk of liquidity shortage using forecast models to determine the effects of operating activities on the overall liquidity availability, and maintains an available cash liquidity ratio, which ensures debt repayment when due.

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

<b>December 31, 2025</b>	<b>Carrying value</b>	<b>On Demand or Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Liabilities</b>					
Accounts payable and other liabilities	<b>5,216,256</b>	<b>5,216,256</b>	-	-	<b>5,216,256</b>
Lease liabilities	<b>6,828,595</b>	<b>1,842,099</b>	<b>6,265,600</b>	-	<b>8,107,699</b>
Term loan	<b>1,336,691</b>	<b>1,364,949</b>	-	-	<b>1,364,949</b>
<b>Total</b>	<b>13,381,542</b>	<b>8,423,304</b>	<b>6,265,600</b>	-	<b>14,688,904</b>

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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**Financial risk and risk management (Continued)**

**Liquidity risks (Continued)**

December 31, 2024	Carrying value	On Demand or			Total
		Less than 1 year	1 year to 5 years	More than 5 years	
<b>Liabilities</b>					
Accounts payable and other liabilities	8,600,719	8,600,719	-	-	8,600,719
Lease liabilities	7,764,199	1,911,814	8,107,699	-	10,019,513
Term loans	1,597,707	1,745,550	-	-	1,745,550
<b>Total</b>	<b>17,962,625</b>	<b>12,258,083</b>	<b>8,107,699</b>	<b>-</b>	<b>20,365,782</b>

**Capital risk management**

The management of the Company aims to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The objectives when managing the capital are:

- i) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- ii) to provide an adequate return to shareholders; and
- iii) to maintain an optimal capital structure to reduce the Company's cost of capital

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity where debt comprises all interest-bearing balances. The Company's gearing ratios at the years end December 31 are as under:

	<b>December 31, 2025</b>	December 31, 2024
Term loans	<b>1,336,691</b>	1,597,707
Lease liabilities	<b>6,828,595</b>	7,764,199
Less: cash and cash equivalents	<b>(21,938,450)</b>	(26,932,374)
Net debt	<b>(13,773,164)</b>	(17,570,468)
Total equity	<b>31,572,675</b>	37,341,301
Net debt to total equity	<b>(43.62%)*</b>	(47.05%)*

\* Cash and cash equivalent is in excess of the Company's debt.

**Market risk**

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market risk comprises three types of risks i.e. Interest rate risk, currency risk and other price risk such as commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Commodity price risk is not significant.

**Interest rate risk**

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the market interest rate. The Company's interest rate risk arises mainly from short term loans which are at floating rate of interest mainly based on SIBOR which are subject to re-pricing on regular basis. Management monitors the changes in market interest rates and considers while negotiating the pricing of loans with counter parties. Further, management believes that exposure to market interest rate risk is not significant.

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**Financial risk and risk management (Continued)**

**Foreign currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals with insignificant in US Dollar and British Pound, where US Dollar is currently pegged with Saudi Riyal. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

**35. CONTINGENT LIABILITIES**

The Company has contingent liabilities arising from outstanding letters of guarantee amounting to ﷲ 1.12 million as of December 31, 2025 (December 31, 2024: ﷲ 0.67 million).

**36. SUBSEQUENT EVENTS**

According to management's assessment, there have been no other events transpiring between the reporting date and the date of approval of these financial statements that are anticipated to exert a substantial impact on the aforementioned financial statements.

**37. DIVIDENDS**

On Ramadan 24, 1445H (corresponding to April 3, 2024), the Company's Board of Directors recommended distribution of dividends amounting to ﷲ 4 million to the General Assembly for approval. On Shawwal 6, 1445H (corresponding to April 15, 2024), the General Assembly approved the distribution of the aforementioned dividends. The Company has paid the dividends during 2024.

**38. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements for the year ended December 31, 2025 have been approved for issuance by the Company's Board of Directors on Shawwal 10, 1447H corresponding to March 29, 2026.