

**Awn AL Raidah Microfinance Company
Closed Joint Stock Company
Riyadh - Kingdom of Saudi Arabia
Interim Financial Information(Unaudited)
For the Three -Months Periods Ended March 31, 2026, and Independent Auditor's
report for the Interim Financial Information**

**Awn AL Raidah Microfinance Company
Closed Joint Stock Company
Riyadh - Kingdom of Saudi Arabia**

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Independent Auditor's Report

**To the Shareholder's
Awn AL Raidah Microfinance Company
Closed Joint Stock Company
Riyadh - Kingdom of Saudi Arabia
Report on auditing of the interim financial statement**

Introduction

We have audited the interim statements of financial position of Awn Alraidah Microfinance Company- Closed Joint Stock Company(the "Company"), as of March 31, 2026, the statement of profit or loss and other comprehensive income For the Three-Month Periods Ended March 31, 2026, the statement of changes in equity and the statement of cash flows For the Three-Month Periods Ended March 31, 2026 and the notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Audit

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**Independent Auditor's Report to the Shareholders of Awn AL Raidah Microfinance Company
(Continued)**

Going Concern aspects

Material uncertainty related to going concern

We draw your attention to Note (1) accompanying the interim financial statements, which discloses that the company's accumulated losses as of March 31, 2026, have exceeded fifty percent of its share capital. Such events and conditions indicate the existence of a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

Ali Mohammed Bin Musfer Ankees Accounting Consulting Company

Ali Mohammad Ankees

Certified Public Accountant - License No (496)



Date: Dhul Qidah 16, 1447 (AH)
corresponding to May 03, 2026 (G)

Awn AL Raidah Microfinance Company
Closed Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

Interim Statement of Financial Position as of March 31, 2026

ASSETS	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Reviewed)
Non-Current Assets		(SR)	(SR)
Property and equipment - net	6	2,743,223	2,622,562
Right to use the asset - net	7	2,424,742	2,725,330
Total Non-Current Assets		5,167,965	5,347,892
Current Assets			
Cash at banks		10,229,655	414,625
Prepaid expenses and other debit balances	9	1,265,847	1,178,997
Total Current Assets		11,495,502	1,593,622
TOTAL ASSETS		16,663,467	6,941,514
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholder's Equity			
Capital	9	10,000,000	10,000,000
Proposed capital increase	10	18,850,000	3,850,000
Accumulated losses	5	(16,635,226)	(12,033,705)
Total Equity		12,214,774	1,816,295
Liabilities			
Non-Current Liabilities			
Employees' benefits obligations	11	444,502	353,045
Loan - Non-Current	12	205,708	226,194
Lease contract obligations - Non-Current	7	759,099	1,399,154
Deferred grant income		13,479	14,242
Total Non-Current Liabilities		1,422,788	1,992,635
Current Liabilities			
Account payable		1,199,287	1,028,488
Accrued expenses and other credit balances	13	546,780	828,086
Loan - Current	12	59,058	58,617
Lease contract obligations - Current	7	1,220,780	1,176,312
Provision Zakat		-	41,081
Total Current Liabilities		3,025,905	3,132,584
Total Liabilities		4,448,693	5,125,219
Total Shareholder's Equity and Liabilities		16,663,467	6,941,514

“The accompanying Notes from (1) To (17) Constitute an Integral Part of These Interim Financial Statements”

Awn AL Raidah Microfinance Company
Closed Joint Stock Company
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Interim Statement of profit or loss and other Comprehensive Income
For the Three-Month Periods Ended March 31, 2026

	<u>Notes</u>	<u>For the three-month period ending March 31</u>	
		<u>2026</u>	<u>2025</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
		(SR)	(SR)
Other income		763	763
General and administrative expenses	14	(4,561,609)	(1,419,913)
Financing costs		(40,675)	(20,289)
Net loss for the period before Zakat		(4,601,521)	(1,439,439)
Zakat		-	-
Net loss for the period after Zakat		(4,601,521)	(1,439,439)
Other comprehensive income items that will not be reclassified subsequently to profit or loss			
Other comprehensive income		-	-
Total comprehensive loss for the period		(4,601,521)	(1,439,439)
Loss per share			
Basic and diluted loss per share attributable to ordinary equity holders of the company		(0.46)	(0.14)

“The accompanying Notes from (1) To (17) Constitute an Integral Part of These Interim Financial Statements”

Awn AL Raidah Microfinance Company
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Interim Statement of Changes in Partner Equity
For the Three-Month Periods Ended March 31, 2026

	<u>Capital</u>	<u>Proposed capital increase</u>	<u>Accumulated losses</u>	<u>Total Equity</u>
	(SR)	(SR)	(SR)	(SR)
<u>For the six-month period ending March 31, 2026.</u>				
Balance at the beginning for the period (Reviewed)	10,000,000	3,850,000	(12,033,705)	1,816,295
Proposed capital increase	-	15,000,000	-	15,000,000
Net loss after zakat for the period	-	-	(4,601,521)	(4,601,521)
Balance at the end for the period (Unaudited)	<u>10,000,000</u>	<u>18,850,000</u>	<u>(16,635,226)</u>	<u>12,214,774</u>
<u>For the six-month period ending March 31, 2025.</u>				
Balance at the beginning for the period (Reviewed)	10,000,000	10,000,000	(3,135,159)	16,864,841
Net loss after zakat for the period	-	-	(1,439,439)	(1,439,439)
Balance at the end for the period (Unaudited)	<u>10,000,000</u>	<u>10,000,000</u>	<u>(4,574,598)</u>	<u>15,425,402</u>

“The accompanying Notes from (1) To (17) Constitute an Integral Part of These Interim Financial Statements”

Awn AL Raidah Microfinance Company
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Interim Statement of Cash Flows
For the Three-Month Periods Ended March 31, 2026

	March 31, 2026	March 31, 2025
	(Unaudited)	(Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	(SR)	(SR)
Net losses for the period before zakat	(4,601,521)	(1,439,439)
<u>Adjustments to net profit:</u>		
Depreciation of property and equipment	23,069	1,533
Amortisation Right to use the asset - net	300,589	94,783
Employees' benefits obligations - Charged	99,266	33,829
<u>Changes in Operating Assets and Liabilities</u>		
Prepaid expenses and other debit balances	(86,850)	(327,223)
Account payable	170,799	(209,723)
Due from related parties	-	2,300,000
Accrued expenses and other credit balances	(281,306)	(50,624)
Deferred grant income	(763)	(762)
Net cash from operations	(4,376,717)	402,374
Employee Benefits Obligations - Paid	(7,809)	-
Provision for Zakat - Paid	(41,081)	(160,595)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,425,607)	241,779
<u>CASH FLOWS (USED IN) INVESTING ACTIVITIES</u>		
Purchase of property and equipment	-	(32,174)
Projects under construction	(143,731)	(157,710)
NET CASH (USED IN) INVESTING ACTIVITIES	(143,731)	(189,884)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Commitment against a financing lease contract	(595,587)	(183,040)
Loans	(20,045)	(14,062)
Proposed capital increase	15,000,000	-
NET CASH FROM FINANCING ACTIVITIES	14,384,368	(197,102)
Net change in Cash at banks	9,815,030	(145,207)
Cash at banks at beginning for the period	414,625	176,005
Cash at banks at end for the period	10,229,655	30,798

“The accompanying Notes from (1) To (17) Constitute an Integral Part of These Interim Financial Statements”

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Notes to the Interim Financial Statements for the three months Ended March 31, 2026 (Unaudited)

1. Legal Status and activities

- Awn Alraidah Microfinance Company (the "Company") is a Saudi Closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Register No. 2051237040 on 21 Muharram 1443H corresponding to August 28, 2021, the company specializes in consumer microfinance
- The Company obtained a license to engage in financing activities from the Saudi Central Bank under license No. 101/A SH/202506, dated 21 Dhul-Qi'dah 1446 AH, corresponding to 17 June 2025 AD.
- As of the date of the interim financial statements, the accumulated losses amounted to SAR 6,458,671 exceeding half of the Company's share capital as of that date. This raises concerns regarding the Company's ability to continue its operations and meet its obligations in accordance with the going concern principle.
- The Company's head office is located at the following address
Riyadh - Kingdom of Saudi Arabia
Postal Code: 34245

2. Basis of preparation

- **Declaration of Compliance and Applied Standards**

These interim financial information for the six-month period ended June 30, 2025, have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting (IAS 34), as adopted in the Kingdom of Saudi Arabia, and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

The interim financial information does not include all the information and disclosures required for annual financial statements. Accordingly, this interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2024.

- **Basis of measurement**

The financial statements have been prepared under the historical cost convention, the going concern principle, and the accrual basis of accounting. Another basis is used if required by International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements supplementing IFRS adopted by the Saudi Organization of Chartered and Professional Accountants (SOCPA) as indicated in the accounting policies applied (Note 4).

- **Functional and presentation currency**

The financial statements are presented in Saudi Riyals, which is the functional currency and rounded to the nearest Saudi Riyal.

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Notes to the Interim Financial Statements for the three months Ended March 31, 2026 (Unaudited)

- Using estimates and assumptions

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants. This requires management to use estimates and assumptions that affect the recorded balances of assets and liabilities and the disclosure of contingent assets and liabilities at the statement of financial position date and the recorded amounts of revenues and expenses during the year for which the financial statements are prepared. Although these estimates and judgments are based on the best information available to management regarding current operations and events, actual results could differ from these estimates. This has been disclosed in Note 5

3. New Standards, Amendments to Standards, Interpretations, and Standards Issued but Not Yet Implemented

The Company has applied the following accounting policies consistently to all periods presented in these financial statements, unless otherwise noted. In addition, the Company has adopted a Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS 2 Statement of Practice) effective January 1, 2023. The amendments require disclosure of accounting policies "material" rather than "significant" accounting policies. Although the amendments did not result in any changes to the accounting policy itself, they affected the accounting policy information disclosed in some cases.

a) New standards, amendments to standards, and interpretations

The Company has adopted the following new standards and amendments for the first time as of January 1, 2023

- Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

- Amendment to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, upon initial recognition, result in equal amounts of taxable and deductible temporary differences.

b) Standards issued but not yet implemented

The following are new standards and amendments to standards that are applicable for years beginning on or after January 1, 2024, with early application permitted, but have not been applied by the company in preparing these financial statements. These amendments are not expected to have a material impact on the company's financial statements.

- Amendments to IFRS 16: Lease Obligations in Sale and Leaseback Transactions:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how an entity accounts for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all of the lease payments are variable lease payments that depend on an index or price are more likely to be affected.

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- **Amendments to IAS 1: Non-current liabilities with commitments and classification of liabilities as current or non-current**

These amendments clarify how compliance with the conditions that a company must comply with within 12 months after the reporting period affects the classification of liabilities and are also intended to improve the information provided by the company in relation to liabilities subject to these conditions.

- **Amendments to IAS 7 and IFRS 7 - Supplier Financing Arrangements**

- **Amendments to IAS 27 - Non-exchangeability**

The following are the new IFRSs for sustainability disclosures effective for annual periods beginning on or after January 1, 2024, subject to approval by SOCPA.

- **International Financial Reporting Standard (IFRS) (Sustainability 1) "General Disclosure Requirements for Sustainability-Related Financial Information"**

This standard provides the basic framework for disclosing material information about sustainability-related risks and opportunities across an organization's value chain.

- **IFRS (Sustainability 2) "Climate-related Disclosures"**

This is the first substantive issued objective standard that sets requirements for organizations to disclose information about climate-related risks and opportunities.

The Company assesses the effects of the above-mentioned standards, amendments, and interpretations on the Company's financial statements

4. Significant Accounting Policies

The following is a summary of the significant accounting policies applied:

a) Current and non-current assets and liabilities

Cash and cash equivalents consist of cash on hand, cash at bank, and time deposits maturing three months or less from the acquisition date that are convertible into known amounts of cash and are subject to immaterial risk of changes in value.

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

Assets are considered current if:

- When it is expected to be realized or intended to be sold or depreciated during the normal course of operations
- If acquired primarily for trading purposes
- When they are expected to be realized within 12 months after the financial period, or when they are cash and cash equivalents unless there are restrictions on their redemption or use in payment of any liabilities for at least 12 months after the financial period.

All liabilities are considered current:

- When it is expected to be paid during the normal course of operations
- If acquired primarily for trading purposes.
- When due within 12 months after the financial period, or

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- when there is no unconditional right to defer payment of liabilities for at least 12 months after the financial period.

The Company classifies all other liabilities as non-current

The Company classifies all deferred tax assets and liabilities as non-current assets and liabilities

Financial assets recorded in the statement of financial position mainly include cash and cash equivalents, trade and other payables, and derivative financial instruments. Financial liabilities include trade and other payables, trade and other creditors, and bank loans.

Impairment and recoverability of financial assets

Financial assets recorded in the statement of financial position primarily include cash and cash equivalents, trade and other receivables, and derivative financial instruments. Financial liabilities include trade and other payables, other creditors, and bank loans.

Impairment of financial assets and uncollectibility

At each reporting date, an assessment is made to determine whether there is evidence of impairment of a specific financial asset. If such evidence exists, impairment loss is recognized in the statement of profit or loss and other comprehensive income. Impairment is determined as follows:

- For assets measured at amortized cost, impairment represents the difference between the carrying value and the present value of future cash flows discounted at the original effective interest rate
- An impairment loss represents the difference between the carrying value of the asset and the best estimate (which is necessarily an approximation) of the amount (which can be zero) that the company would receive for the asset if it were to be sold at the date of the financial statements.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported net in financial statements when there is a legally binding right to set off the recognized amounts and when there is an intention to settle the assets and liabilities on a net basis, or to realize the assets and pay off the liabilities simultaneously

b) Property and Equipment

Property and equipment are shown at cost less accumulated depreciation and any provision for impairment. Depreciation on property and equipment (excluding land) is calculated using the straight-line method and by age (number of years), as follows:

<u>Item</u>	<u>Depreciation</u>
Computer	33%

- The useful life and depreciation methods are periodically reviewed to ensure that the method and period of depreciation are commensurate with the expected economic benefits of the property and equipment
- The carrying value of property and equipment is reviewed periodically. If events or changes in circumstances indicate that the assets are recorded at higher values than their recoverable amount, the value of these assets is reduced to their recoverable amount, and the impairment is recorded in the statement of profit or loss and other comprehensive income.
- Property and equipment are disposed of when they are sold or have no future economic benefits, and any gain or loss on disposal is recognized in the statement of profit or loss and other comprehensive income.

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c) Impairment of Non-Current Assets

At each reporting date, the Company assesses whether there is evidence of impairment of an asset. If such evidence exists, or when it is necessary to perform an annual impairment test, the Company estimates the recoverable amount of the asset, which is the higher of the fair value of the asset or cash-generating unit less costs to sell and the present value, determined for individual assets unless the asset results in cash inflows that are substantially independent of other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and written down to its recoverable amount

When estimating the present value, estimated future cash flows are discounted to the present value using an after-tax discount rate that reflects current market estimates of the time value of money and the risks inherent in the asset.

Impairment losses for continuing operations, including impairment of working capital, if applicable, are recognized in the statement of profit or loss within expenses in line with the function of the asset being impaired.

For assets other than goodwill, at each balance sheet date, an assessment is made to determine whether there is evidence that previously recognized impairment losses no longer exist or have decreased. If such evidence exists, the company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used in determining the recoverable amount since the date the impairment loss was last recognized. This reversal is recognized in the statement of profit or loss

If an impairment loss on a non-financial asset other than goodwill is reversed, the carrying amount of the asset (or the related group of assets) is adjusted to the adjusted estimate of the recoverable amount, but not more than the amount that would have been determined if recording an impairment loss for an asset (or the related group of assets) in prior years. The reversal of the impairment loss is recognized directly in the statement of profit or loss

d) Right to Use Assets and Lease Obligations

The Company has recognized assets and liabilities for its operating leases. Each lease payment is allocated between liabilities and finance cost. The finance cost is charged to the statement of profit or loss over the lease term so that a constant periodic interest rate is recorded on the remaining balance of the liability for each period. The right to use an asset is amortized over the lower of the useful life of the asset or the term of the lease, whichever is lower, on a straight-line basis. Assets and liabilities arising from a lease are initially measured at present value.

The origin of the right to use:

- The initial measurement amount of the lease obligation, which is the present value of future lease payments.
- any lease payments made on or before the commencement date of the lease less any lease incentives received.
- Any initial direct costs incurred by the Company as a lessee.
- An estimate of the costs to be incurred by the company as a lessee to dismantle and remove the asset of the contract, and to restore the site where the asset is located to its original condition.

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A right-of-use asset is subsequently measured at cost less any accumulated amortization and accumulated impairment loss adjusted by any remeasurement of the lease obligation.

The company amortizes the right-of-use asset over the estimated term of the lease on a straight-line basis.

The lease obligation is initially recognized at the present value of unpaid lease payments at the inception date, and the Company's incremental borrowing rate is used.

The lease obligation is subsequently measured as follows:

- Increase the carrying amount to reflect the interest on the lease obligation.
 - Reducing the carrying amount to reflect lease payments.
 - Remeasurement of the carrying amount to reflect any revaluation or adjustments to the lease.
- The Company separates the payments into principal (presented within financing and interest activities) and interest (presented within operating activities) in the statement of cash flows. Under IFRS 16, the "right to use assets" is tested for impairment in accordance with IAS 36 "Impairment of Assets".

Right of Use of Assets and Lease Obligations - Continued

Duration of leases

The Company defines the lease term as the non-cancellable period in the lease along with:

- the periods covered by the option to extend the lease if the Company is reasonably certain that the option will be exercised.

Periods covered by the option to terminate the lease if the Company is reasonably certain that the option will not be exercised.

For short-term leases (lease term of 12 months or less) and low-value leases, the Company recognized rent expense on a straight-line basis as permitted by IFRS 16, which is the same way it was accounted for under IAS 17 "Leases".

e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at the bank and time deposits maturing three months or less from the acquisition date that are convertible into known amount of cash and are subject to immaterial risk of changes in value.

f) Trade receivable

Most sales are made based on normal credit terms and the amounts due does not bear interest. When credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. At the end of each reporting period, the carrying values of trade and other debtors are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized directly in profit or loss in the statement of other comprehensive income.

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g) Inventory

Inventory is shown at the lower cost or net realizable value. Costs are the expenses incurred to bring the product to its current condition and are determined on a weighted average basis. Net realizable value is based on the estimated selling price in the ordinary course of business, less any additional costs expected to be incurred upon completion or sale.

h) Related Party Transactions

A related party is a person or entity associated with the company that prepares its financial statements **If the person or his close family member is related to the company that prepares its financial statements:**

- Has control or joint control over the company that prepares its financial statements.
- Has a significant influence that prepares its financial statements.
- A member of the senior management of the company that prepares its financial statements or the parent company of the company that prepares its financial statements.

Entity is related to the company that prepares its financial statements if any of the following conditions are met:

The entity and the company that prepares its financial statements are members of the same group (meaning that the parent company, subsidiaries and associates are related to each other).

One of the two companies is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).

i) Dividends

Dividend distributions to partners are recorded as a liability when the distributions are approved. In accordance with the Saudi Arabian Companies Law, distributions are approved when approved by the partners or authorized by the partners to the Board of Directors to distribute profits to the partners. This is commensurate with the company's financial position and cash flows. The corresponding amount is deducted directly from equity.

j) Employee Defined Benefit Obligations

a- Employee defined benefit plan compliance

The defined benefit obligations are determined using the projected unit cost method with an actuarial valuation, the remeasurement that includes actuarial gains and losses is recognized in the statement of financial position while the gains and losses are included in other comprehensive income for the period in which they are incurred, and the remeasurement recognized in other comprehensive income is included in retained earnings immediately and is not stated in profit or loss.

Employee Defined Benefit Obligations

- b- Retirement benefits

The Company pays retirement contributions for its Saudi employees to the Social Insurance Institution, which is a defined contribution plan, and the payments are expensed as incurred.

e- Short-term employee benefits

A liability for accrued employee benefits for wages and salaries, annual leave and sick leave is recognized in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid for that service.

Obligations recognized for short-term employee benefits are measured at the amount expected to be paid for the service rendered.

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Trade payables, and other creditors

Payables are recognized for the amounts payable for goods and services received in the normal course of business whether they are claimed by the supplier.

Payables are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest method.

k) Provisions

Provisions are recognized when the Company has legal or constructive obligations arising from past events and the costs of paying the obligation are probable and can be measured reliably.

The amounts recognized as a provision are the best estimate of the material consideration required to settle the present

obligation at the end of the financial statement period, taking into account the risks and uncertainties of the obligation. When the provision is measured using the estimated cash flows 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 using discounting, the increase in the provision over time is recognized as finance costs when it is expected that some or all of the economic benefits required to settle the provision will be recovered from another party, and receivables are recognized as an asset when their receipt is virtually certain and the amounts of receivables can be measured reliably.

l) Zakat

A provision for Zakat is calculated in accordance with the regulations of the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia and is charged to the statement of profit or loss and other comprehensive income. Adjustments for differences, if any, arising from the final assessment are made during the period in which such assessment are issued.

m) Withholding tax

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

n) Value Added Tax

Expenses and assets are recognized as a net of VAT, except.

Where the VAT incurred on the purchase of assets or services is not claimable from the Zakat, Tax and Customs Authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, Accounts receivable and payable are included with the VAT amount. The net amount of VAT receivable from or payable to the ZATCA is included as part of accounts receivable or payable in the statement of financial position.

o) Financial instruments

A financial instrument is any contract that results in a financial asset for one entity and a financial liability or equity instrument for another.

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p) Initial measurement

Financial instruments are measured at the transaction price (including transaction costs except for the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement does not, in fact, constitute a financing transaction for the entity (for a financial liability) or the counterparty (to a financial asset) of the arrangement. If payment is deferred beyond normal business terms, an entity shall measure the financial asset or financial Liability at the present value of future payments discounted at the market interest rate of a similar debt instrument as determined in the initial recognition.

q) Impairment of financial instruments

At the end of each reporting period, an entity shall determine whether there is objective evidence of impairment of any financial assets measured at cost or amortized cost. If there is objective evidence of impairment, the entity must recognize the impairment loss directly in profit or loss.

Impairment is determined as follows:

for assets measured at amortized cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated cash flows discounted at the asset's original real interest rate, and if the financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the original interest rate determined under the contract.

For assets measured at cost - an impairment loss is the difference between the carrying amount of the asset and the best estimate (which is necessarily an approximation (of the amount) that could be zero) what the entity would have received for the asset if it were to be sold at the reporting date.

if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognized, an entity shall reverse the previously recognized impairment loss either directly or by adjusting an allowance account. The reversal shall not result in the carrying amount of the financial asset (Net of any allowance account) more than what the carrying amount would have been if the impairment had not been previously recognized and the entity must recognize the reversal amount directly in profit or loss.

r) Revenue recognition

Revenue from customer contracts

Step (1): Identify the contract(s) with a customer - A contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of IFRS 15 apply to every contract that has been agreed with a customer and contains performance obligation. In some cases, IFRS 15 requires an entity to aggregate contracts and account for them as a single contract. IFRS 15 introduces requirements for accounting for contract amendments.

Step (2): Identify the performance obligations in the contract - The contract includes commitments to transfer goods or services to a customer. If those goods or services are distinct, the commitments are performance obligations and are accounted for separately. Goods or services are distinct if the customer can utilize the good or service itself or with other goods or services that are immediately available to the customer and the entity's undertaking to transfer the good or service to the customer can be identified separately from other undertakings in the contract.

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Stepo (3): Determine the transaction price - The transaction price is the amount of consideration in the contract to which the entity expects to be entitled in exchange for the transfer of promised goods or services to a customer. The transaction price can be a fixed amount of consideration from the customer but can sometimes be a variable consideration or a consideration in kind other than cash. The transaction price is also adjusted for the effects of the time value of money if the contract has a significant financing component, for any consideration payable to the customer and, if the consideration is variable, the entity estimates the amount of consideration to which it will be entitled for the promised good or service. The estimated amount of the variable consideration is included in the transaction price only to the extent that it is highly probable that there will be no significant reversal in the amount of cumulative revenue recognized when the uncertainty associated with the variable consideration is subsequently realized.

Step (4): Allocate the transaction price to the performance obligations in the contract - The entity typically allocates the transaction price to each performance obligation based on the relative standalone selling prices for each distinct good or service promised in the contract. If the standalone selling price is measurable, the entity estimates it. Sometimes the transaction price includes a discount or variable consideration amount that relates entirely to part of the contract. The requirements specify when the entity allocates the discount or variable consideration to one or more, but not all, performance obligations (distinct) in the contract.

Step (5): Recognize revenue as and when the entity satisfies a performance obligation - An entity recognizes revenue as and when it satisfies a performance obligation by transferring a promised good or service to the customer (which is when the customer obtains control of good or service). The amount of revenue recognized is the amount allocated to the performance obligation that has been satisfied. A performance obligation can be satisfied at a point in time (typically for commitments to transfer goods to a customer) or overtime (typically for commitments to transfer services to a customer). For performance obligations that are satisfied over time, the entity recognizes revenue over time by selecting an appropriate method to measure the entity's progress towards full satisfaction of that performance obligation.

s) Other income

Other revenue is recognized as it is earned

t) Contingent liabilities

All contingent liabilities arising from past events whose existence will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events that are not under the full control of the company, or all current liabilities arising from past events but which are not recognized for the following reasons:

- It is not probable that the outflow of economic resources will be required to settle the obligation, or
- If the amount of the liability cannot be measured reliably, it must be assessed at each statement of financial position date and disclosed in the company's financial statements under contingent liabilities.

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u) **Expenses**

All direct expenses related to the realization of operational revenue consist of salaries and wages and indirect costs charged to cost of revenue, and the rest of the expenses are classified under general and administrative expenses and selling and marketing expenses, and common expenses are allocated between cost of revenue and general and administrative expenses. Shared expenses are allocated according to fixed bases.

v) **Offsetting**

Financial assets and liabilities are offset and recorded net in the statement of financial position when there is a legally enforceable right to set off these amounts and the company intends to settle on a net basis, or to recognize assets and settle liabilities simultaneously.

w) **Loans and Bank Facilities**

Loans are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the amount repayable is recognized in the statement of comprehensive income over the term of the loans using the effective interest rate method. Loans are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. Loans are classified as current liabilities when the remaining maturity is less than 12 months.

x) **Government grants**

Government grants are recognized when there is a reasonable assurance that the entity will comply with the associated conditions and will receive the grant.

Grants related to assets are recognized as deferred revenue and are amortized in the income statement on a systematic basis over the useful life of the associated asset.

Income-related grants are recognized in the income statement during the periods in which the costs that the grant is intended to offset are incurred.

Non-monetary government grants are recognized at fair value or, if fair value cannot be reliably measured, at nominal value. The nature and terms of government grants and their impact on the financial statements are disclosed.

5. Significant Accounting Estimates, Assumptions and Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions

that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. This may result in uncertainty in these assumptions and estimates results in a material adjustment to the carrying values of assets or liabilities that will be affected in the future.

Key estimates and assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the

period in which the estimates are revised if the adjustment affects only the period or in the period in which the estimates are revised if the adjustment affects both current and future periods. Management has made the following estimates and judgments that are material to the financial statement

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Assumptions and Uncertainty Estimates

The principle of continuity

The Company's management has assessed its ability to continue a going concern basis and is satisfied that it has the resources

to continue as a going concern for the foreseeable future. In addition, management is not aware of any material uncertainty that may cast doubt on the Company's ability to continue a going concern basis. Accordingly, the financial statements have been prepared on a going concerning basis.

Useful lives. residual values. depreciation and amortization methods for property. plant and equipment. intangible assets and right of use of assets

The Company's management estimates the estimated useful lives and residual values of property, plant and equipment, intangible assets and right of use of assets. This estimate is determined after considering the expected use of the property, plant and equipment, intangible assets and right-of-use assets or natural wear and tear and obsolescence. Management reviews the useful life, residual value or depreciation and amortization method for property, plant and equipment, intangible assets and right of use assets annually, with future depreciation and amortization adjusted when management believes that the useful life or residual value differs from those used in prior periods.

Impairment of non-financial assets

The Company's management periodically reviews the carrying value of non-financial assets to determine whether there is any indication that the assets may be subject to an impairment loss. If there is any indication, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an asset individually, the Company's management estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the asset's recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the reduction is recognized in the statement of profit or loss.

Deducting rental payments

The Company cannot easily determine the interest rate implicit in the lease and, therefore, uses the notional borrowing rate to measure the lease liability. The hypothetical borrowing rate is the interest rate that the Company would have to pay to borrow the necessary financing over a similar term and with the same collateral to acquire an asset of the same value as the "right-of- use" asset in a similar economic environment. The hypothetical borrowing rate therefore reflects what the Company "would have to pay", which requires estimation when observable rates are not available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the notional borrowing rate using observable input such as market interest rates (when available) and requires the Company to make certain estimates of its own.

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Extension and termination options in leases

Extension and termination options are included in several leases. These clauses are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercising by both the Company and the lessor. In determining the term of the lease, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not to exercise the termination option. Extension options are included) or periods following termination options (only in the term of the lease whether the lease is reasonably certain to be extended or not terminated). The assessment is reviewed if there is a significant event or a significant change in circumstances affecting this assessment that are within the control of the lessee.

Provision for expected credit losses

The allowance for expected credit losses for receivables is determined based on a combination of factors to ensure that receivables are not overstated due to collectability. The allowance for expected credit losses for all customers is based on a variety of factors including the overall quality and age of the receivables and an ongoing credit assessment of the customers' financial condition. Management believes that amounts related to receivables are generally recoverable.

Contingent Commitments

By their nature, contingent liabilities will only be settled upon the occurrence or non-occurrence of a future event or events. The assessment of such contingent liabilities materially involves the exercise of significant judgments and estimates of future events.

Employee benefits

The cost of employee benefit plans, and the present value of benefit obligations are determined using actuarial valuations. Actuarial valuations involve assumptions that may differ from actual future developments. These include determining the discount rate, future salary increases, mortality and future increases in pensions. Due to the complexity of the valuation process, the key assumptions are long-term in nature. All assumptions are reviewed at each reporting date.

Zakat

In calculating Zakat for the current year, the company adjusted its net profit and applied a certain discount to its Zakat deposit to calculate the Zakat expense. The company made the best estimates for these assumptions

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Provisions

Provisions, by their nature, are based on estimates and assessments as to whether the recognition has been met, including estimates of the likelihood of cash outflows. Provisions for litigation are based on an estimate of costs, taking into account legal advice and other information currently available. Provisions for severance benefits and exit costs, if any, also require management's judgment in estimating the expected cash outflows for other exit costs. Provisions for uncertain obligations include management's best estimate of whether cash outflows are probable

6. Property and Equipment - Net

This item consists of the following:

	Projects under construction	Computers	Tools & equipment	Total
<u>Cost</u>		(SR)	(SR)	(SR)
Balance at the beginning of the period	2,382,683	271,989	8,200	2,662,872
Additions during the period	143,730	-	-	143,730
Balance at the end of the period	2,526,413	271,989	8,200	2,806,602
<u>Accumulated Depreciation</u>				
Balance at the beginning of the period	-	40,179	131	40,310
Charged during the period	-	22,666.00	403	23,069
Balance at the end of the period	0	62,845	534	63,379
Net book value as of March 31, 2026	2,526,413	209,144	7,666	2,743,223
Net book value as of December 31, 2025	2,382,683	231,810	8,069	2,622,562

7. Right to Use the Asset - Net

i) This item consists of the following:

	Right of use asset	Total
<u>Cost</u>	(SR)	(SR)
Balance at the beginning of the period	3,512,798	3,512,798
Balance at the end of the period	3,512,798	3,512,798
<u>Accumulated depreciation</u>		
Balance at the beginning of the period	787,468	787,468
Depreciation during the period	300,588	300,588
Balance at the end of the period	1,088,056	1,088,056
Net book value as of March 31, 2026	2,424,742	2,424,742
Net book value as of December 31, 2025	2,725,330	2,725,330

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ii) Total lease liability

	31-Mar-26	31-Dec-25
	(SR)	(SR)
Lease Liabilities - Non-current portion	759,099	1,004,852
Lease Liabilities - Current portion	1,220,780	1,176,312
Total Lease Liabilities	1,979,879	2,181,164

8. Prepayments & other debit balances

This item consists of the following:

	31-Mar-26	31-Dec-25
	(SR)	(SR)
VAT refundable	990,991	840,257
Prepayments	169,556	233,440
Prepaid insurance	105,300	105,300
Total	1,265,847	1,178,997

9. Share capital

The company's capital is set at 10,000,000 Saudi Riyals, divided into 1,000,000 shares of equal value, with each share valued at 10 Saudi Riyals, distributed among the shareholders as follows:

	Percentage of ownership	Quantity of Shares	Value Share	Share Capital
<u>Partner</u>	%		(SR)	(SR)
Ali bin Mahdi bin Mane' Natash Al Zamanan	73	730,000	10	7,300,000
Abdullah Saleh bin Abdullah Al Rassam	17	170,000	10	1,700,000
Saleh Rashid bin Hamad Al Zamanan	10	100,000	10	1,000,000
Total		1,000,000		10,000,000

10. Proposed capital increase

The proposed capital increase amount represents the sum received from Etihad Technologies Holding Company following the agreement between Aoun Al-Ra'idah Microfinance Company and Etihad Technologies Holding Company for a 100% acquisition. However, as of the date of the financial statements, the legal procedures have not yet been completed.

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11. End of service benefits

This item consists of the following:

	31-Mar-26	31-Dec-25
	(SR)	(SR)
Balance at the beginning of the year/period	353,045	43,928
Charged during the period	91,457	309,117
Balance at the end of the period	444,502	353,045

12. Loan

This item consists of the following:

	Balance at the beginning of the period	Guarantees received during the	Received during the period	Repaid during the period	Balance at the end of the period	Short-term portion	Long-term portion
	(SR)	Guarantee of payment and performance		(SR)	(SR)	(SR)	(SR)
Social Development Bank Loan	284,811		2,175	22,220	264,766	59,058	205,708
Total	284,811		2,175	22,220	264,766	59,058	205,708

13. Accruals & other credit balances

This item consists of the following:

	31-Mar-26	31-Dec-25
	(SR)	(SR)
Accrued expenses	522,049	793,915
Withholding tax	16,731	16,171
Accrued professional fee	8,000	18,000
Total	546,780	828,086

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14. General & administrative expenses

This item consists of the following:

	For the three-month period ending on March 31	
	2026	2025
	(SR)	(SR)
Salaries, wages and other benefits	2,608,005	885,748
Bonuses	965,779	-
Asset Amortization	300,588	94,783
Social Security	199,691	75,576
Fees and Contributions	154,254	101,283
Employee Benefits	91,457	33,829
Medical Insurance	73,026	60,722
External Staffing	45,231	22,962
Employee Benefits	29,578	-
Depreciation of Property and Equipment	23,069	1,533
Stationery and Printed Materials	18,500	38,595
Maintenance and Repair	-	65,988
Hospitality and Cleaning	-	4,116
Other	52,431	34,778
Total	4,561,609	1,419,913

15. Financial Instruments and Risk Management

The company's financial assets consist of cash and cash equivalents, and investments at fair value during profit or loss. The company's financial liabilities consist of amounts due to related parties, accrued expenses, and other credit balances.

The company's operations are exposed to a number of fundamental risks that could potentially affect its ability to achieve its objectives.

Liquidity risk

Fair value is the amount expected to be received from the sale of an asset or the payment made to transfer a liability on terms of fair dealing among market participants at the valuation date. Since the accompanying financial statements have been prepared on a historical cost basis, there may be differences between the carrying amount and the expected fair value.

Credit risk

Credit risk arises when one party is unable to meet its obligations, resulting in financial losses for the other party. It primarily stems from the company's bank balances, receivables, and other accounts receivable, including those owed by related parties. Management considers the credit risk associated with bank balances to be immaterial, as these balances are held with banks with good credit ratings in the Kingdom of Saudi Arabia.

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The company monitors credit risk related to receivables by tracking outstanding receivables, setting limits on dealings with other parties, and continuously assessing the creditworthiness of other parties. At the end of the period, other parties had a strong financial position and the ability to meet their obligations.

Market risk

Market risk is the risk of changes in the fair value of financial instruments due to fluctuations in foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (price risk). These changes may be caused by factors specific to the instrument or its source, or by factors affecting all instruments traded in the market.

Currency risk

The currency risk is the risk of a change in the value of financial instruments due to changes in foreign currency exchange rates. All the Company's transactions are denominated in Saudi Riyals. Management monitors changes in currency exchange rates and believes that currency risk is immaterial.

Liquidity risk

Liquidity risk is the risk that a company may experience difficulties in obtaining the necessary funding to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value that approximates its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the Company's financial obligations.

16. Approval of the Financial Statements

The financial statements were approved for issuance by the Board of Directors on 16 Dhul Qidah 1447 AH, corresponding to 03 May 2026.

17. General

Figures in the financial statements have been rounded to the nearest Saudi Riyal.